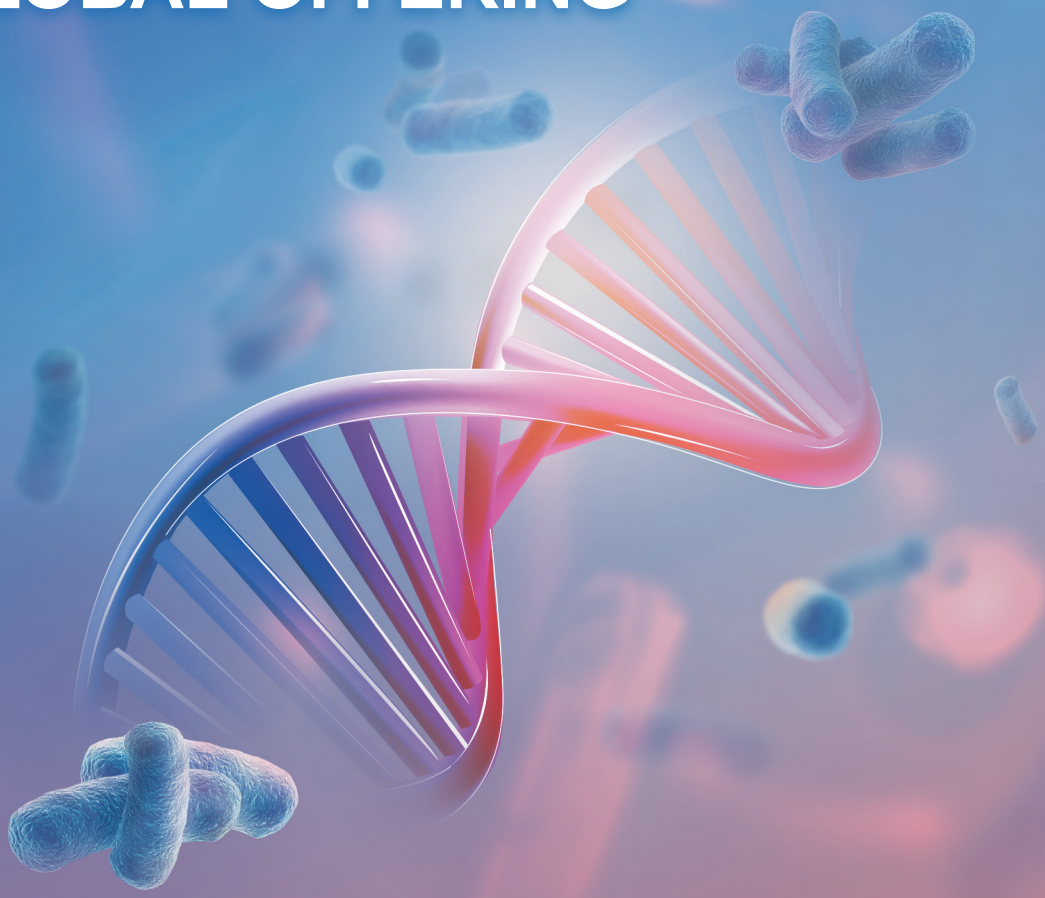
华昊中天
Biostar

北京華昊中天生物醫藥股份有限公司
Beijing Biostar Pharmaceuticals Co., Ltd.

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

Stock Code: 2563

GLOBAL OFFERING



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

建银国际
CCB International

中信建投國際
CHINA SECURITIES INTERNATIONAL

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

Beijing Biostar Pharmaceuticals Co., Ltd.

北京華昊中天生物醫藥股份有限公司

(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	**:**	**14,588,000 H Shares**
Number of Hong Kong Offer Shares	**:**	**1,458,800 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**13,129,200 H Shares (subject to reallocation)**
Maximum Offer Price	**:**	**HK$22.0 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong Dollars, subject to refund)**
Nominal Value	**:**	**RMB1.00 per Offer Share**
Stock Code	**:**	**2563**

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

建银国际 CCB International

中信建投國際 CHINA SECURITIES INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

ICBC 工银国际 · 民銀資本 · 浦銀國際 · 中國銀河國際 · 申萬宏源香港 · ZTSC 中泰國際 · 东方证券 國際 · FOSUN INTL SECURITIES · 國元國際 · 山證國際 · 第一上海 · 百惠金控 PATRONS · MOUETTE · Citrus 鉅誠證券

Joint Lead Manager

富途證券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in Appendix VIII "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" to 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators and us on the Price Determination Date. The Price Determination Date is expected to be on or before Tuesday, October 29, 2024. The Offer Price will be not more than HK$22.0 and is currently expected to be not less than HK$16.0. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK$22.0 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price should be lower than HK$22.0. If, for any reason, the Overall Coordinators and us are unable to reach an agreement on the Offer Price on or before 12:00 noon on Tuesday, October 29, 2024, the Global Offering will not proceed and will lapse.

We are incorporated, and a majority of our business is located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors", "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of Articles of Association".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Overall Coordinators if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Hong Kong Stock Exchange. Such grounds are set out in the section headed "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 law in the United States and may not be offered, sold, pledged or transferred within the United States, 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 (1) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act, and (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

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 websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.biostar-pharm.com**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

October 23, 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 Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.biostar-pharm.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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 prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

Please refer to "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

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

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

(2) apply through 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 submit an EIPO application on your behalf through FINI in accordance with your instruction.

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 prospectus 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 200 Hong Kong Offer Shares and in one of the numbers set out in the table.

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 pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

Beijing Biostar Pharmaceuticals Co., Ltd. (Stock Code 2563)
(HK$22.00 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

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$*
200	4,444.38	3,000	66,665.61	40,000	888,874.80	300,000	6,666,561.00
400	8,888.75	4,000	88,887.48	50,000	1,111,093.50	350,000	7,777,654.50
600	13,333.13	5,000	111,109.36	60,000	1,333,312.20	400,000	8,888,748.00
800	17,777.50	6,000	133,331.22	70,000	1,555,530.90	450,000	9,999,841.50
1,000	22,221.86	7,000	155,553.09	80,000	1,777,749.60	500,000	11,110,935.00
1,200	26,666.24	8,000	177,774.95	90,000	1,999,968.30	550,000	12,222,028.50
1,400	31,110.62	9,000	199,996.84	100,000	2,222,187.00	600,000	13,333,122.00
1,600	35,554.99	10,000	222,218.70	150,000	3,333,280.50	650,000	14,444,215.50
1,800	39,999.37	20,000	444,437.40	200,000	4,444,374.00	700,000	15,555,309.00
2,000	44,443.75	30,000	666,656.10	250,000	5,555,467.50	729,400[1]	16,208,631.97

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

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Hong Kong 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 Hong Kong 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 the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change to the following timetable relating to the Hong Kong Offer Shares, we will make an appropriate announcement on the Stock Exchange's website at ***www.hkexnews.hk*** *and on our Company's website at* ***www.biostar-pharm.com*** *to inform investors accordingly.*

Date and time[1]

Hong Kong Public Offering commences ..... 9:00 a.m. on Wednesday, October 23, 2024

Latest time for completing electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] ..... 11:30 a.m. on Monday, October 28, 2024

Application lists open[3] ..... 11:45 a.m. on Monday, October 28, 2024

Latest time to give **electronic application instructions** to HKSCC[4] ..... 12:00 noon on Monday, October 28, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit an EIPO application on your behalf through FINI in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) ..... 12:00 noon on Monday, October 28, 2024

Application lists close[3] ..... 12:00 noon on Monday, October 28, 2024

Expected Price Determination Date[5] ..... Tuesday, October 29, 2024

(1) Announcement of

- the final Offer Price;
- the level of indication 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 Offer Shares to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.biostar-pharm.com** . . . . . at or before 11:00 p.m. on Wednesday, October 30, 2024

(2) 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 the Company's website at **www.biostar-pharm.com** and the Stock Exchange's website at **www.hkexnews.hk** . . . . . at or before 11:00 p.m. on Wednesday, October 30, 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 pm on Wednesday, October 30, 2024 to 12:00 midnight on Tuesday, November 5, 2024
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . Thursday, October 31, 2024, Friday, November 1, 2024, Monday, November 4, 2024 and Tuesday, November 5, 2024

Dispatch of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9] . . . . . Wednesday, October 30, 2024

Dispatch/collection of refund cheques and **White Form** e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to Hong Kong Public Offering on or before[7][8]	Thursday, October 31, 2024
Dealings in H Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Thursday, October 31, 2024

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

(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 lodging 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 of lodging applications, when the application lists close.

(3) If there is/are Bad Weather Signal(s) (as defined in the section headed "How to Apply for Hong Kong Offer Shares — E. Bad Weather Arrangements") in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, October 28, 2024, the application lists will not open on that day. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares — E. Bad Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for the Hong Kong Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or before Tuesday, October 29, 2024. If, for any reason, the Offer Price is not agreed by 12:00 noon on Tuesday, October 29, 2024 between our Company and the Overall Coordinators (for themselves and on behalf of Underwriters), the Hong Kong Public Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporations stamped with the corporation's chop. Both individuals and authorised representatives of corporations 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 HKSCC EIPO should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of 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 application 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 cheques by ordinary post at their own risk.

Any uncollected H Share certificates and/or refund cheques (if applicable) will be dispatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection at the date of dispatch of refund cheque as described in the section headed "How to apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.

(8) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the initial price per Offer Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus. Applicants who apply through the **White Form eIPO** service and paid their applications monies through a single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of **White Form** e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **White Form eIPO** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

(9) H Share certificates for the Offer Shares allotted and issued to the placees are expected to be deposited directly into CCASS on or about Wednesday, October 30, 2024 for credit to the relevant HKSCC Participants' stock accounts designated by the Overall Coordinators (for themselves and on behalf of the Underwriters), the placees or their agents (as the case may be). No temporary documents or evidence of title will be issued by our Company.

H Share certificates will only become valid evidence of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and H Share certificates.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company 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 the Company, the Joint Sponsors, the Overall Coordinators, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters and the Capital Market Intermediaries, 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. Information contained on our website (**www.biostar-pharm.com**) does not form part of this prospectus.*

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CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus carefully before you decide to invest in the Offer Shares. ***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.*** *Moreover, there are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read that section carefully.*

OVERVIEW

We are a synthetic biology-driven biopharmaceutical company committed to developing innovative drugs in oncology. Since our inception in 2002, we have successfully developed three core technology platforms that focus on the R&D of microbial metabolite new drugs. As of the Latest Practicable Date, we had one commercialized product and 19 other pipeline product candidates, with Utidelone Injection being our single Core Product. Our Core Product and 16 out of 19 product candidates are based on a single active pharmaceutical ingredient, namely, Utidelone, which was represented in three formulations of our product portfolio. Our current clinical trials and programs of the Core Product and product candidates cover indications of advanced breast cancer (encompassing stage IIIB and IIIC breast cancers that are initially inoperable without distant metastasis, as well as all stage IV breast cancers), advanced non-small cell lung cancer (NSCLC), neoadjuvant for breast cancer, gastric cancer, esophageal cancer, breast cancer brain metastasis, lung cancer brain metastasis, glioblastoma, and other solid tumors.

Utidelone Injection received approval from the NMPA in 2021 for its lead indication, the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine. The approval of Utidelone Injection in 2021 ended a nearly two-decade absence of independently-developed domestic Class 1 innovative chemotherapy drugs in China. As of the Latest Practicable Date, Utidelone Injection was the only approved chemotherapy drug developed using synthetic biology technology, and it was also the sole microtubule inhibitor oncology drug with a new molecular structure that was approved worldwide since 2010. Based on its distinct β-tubulin binding site as a microtubule stabilizer (same as taxanes) and unique chemical structure, Utidelone possesses various characteristics such as broad anti-cancer spectrum, low hematological toxicity, efficacy against multidrug-resistant tumors, reduced likelihood of developing drug resistance, and the ability to cross the blood-brain barrier. Additionally, Utidelone is produced by fermentation of genetical engineering bacteria, representing an application of synthetic biology.

Leveraging our synthetic biology technology platforms, we have also independently developed an oral formulation of Utidelone, namely Utidelone Capsule, which is currently under phase II/III clinical trials. Additionally, we have been consistently developing other formulations of Utidelone as well as other active pharmaceutical ingredients, such as BG22, BG18 and BG44, which are in early development stages.

WE MAY NOT ULTIMATELY BE SUCCESSFUL IN DEVELOPING AND COMMERCIALIZING OTHER INDICATIONS FOR WHICH UTIDELONE INJECTION IS NOT APPROVED OR ANY OF OUR OTHER PIPELINE PRODUCTS.

Our Product and Pipeline

The following diagram sets forth key details of our portfolio as of the Latest Practicable Date:

Notes:

(1) All of our assets belong to small molecule drug, except Utidelone antibody-drug conjugate which belongs to biological drug, and all of them are in-house developed. As advised by our PRC Legal Advisors, according to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), which was latest amended by the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) on January 22, 2020 and took effect on July 1, 2020, approved drugs are each allocated an approval number, and such approval number shall remain unchanged in the event of change in details of registration after the drug has been launched. In respect of new indications for a marketed drug, an applicant could submit a supplemental application therefor, and the applicant would not receive a new approval number in such a case. Accordingly, a drug approved for different indications by the NMPA is regulated as a single drug in China. In contrast, for drugs with different formulations, such as injection and capsule, they are treated and regulated as different products with separate approval number allocated. Therefore, if more indications are approved for Utidelone Injection, the approval number currently allocated to Utidelone Injection would remain unchanged. In contrast, if Utidelone Capsule is approved for marketing, it would be allocated a new approval number.

(2) In China, the NMPA is the competent authority supervising clinical trials, while in the United States, the competent authority is the FDA.

(3) It includes NDA submission and NDA approval.

(4) Utidelone Injection was approved for marketing as a Class 1 innovative drug in China, with the market approval number of YBH01772021. Utidelone Injection was approved by the NMPA in 2021 for the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine.

(5) The multi-regional clinical trial (MRCT) are conducted in the United States, Europe, and members of the Asia-Pacific Economic Cooperation.

(6) Given that we had completed all phases of clinical trials for advanced breast cancer in China and obtained NDA approval from the NMPA, which has well established the safety profile of Utidelone and its efficacy for treating breast cancer, we were exempted from (i) phase I and phase II clinical trials prior to the phase III MRCT of Utidelone Injection for advanced breast cancer; (ii) phase I clinical trial prior to the phase II-III MRCT of Utidelone Injection for advanced non-small cell lung cancer; and (iii) phase II clinical trial prior to the phase III clinical trial of Utidelone Injection for early breast cancer neoadjuvant.

(7) For solid tumors (excluding breast cancer and NSCLC), we have completed the first-stage phase II clinical trial of Utidelone Injection monotherapy, and we have also completed the second-stage phase II clinical trial of Utidelone Injection in combination with PD-1.

(8) It includes the part I (dose-escalation trial) and part II (pharmacokinetic comparison and dietary impact trial) of the pivotal clinical trial of Utidelone Capsule in China.

(9) We are seeking global opportunities for collaboration and may out-license to third-parties out of China. For more information, please refer to "Business — Research and Development."

(10) Based upon the completed part I and part II of the pivotal clinical trial of Utidelone Capsule in China, we are now progressing the part III of the pivotal clinical trial, testing the combination of Utidelone Capsule with Xeloda for advanced breast cancer.

(11) The study protocol of the second stage of the phase II study of Utidelone Injection for advanced solid tumors (Utidelone Injection in combination with PD-1 for the first-line treatment of advanced gastric and esophageal cancers) has been acknowledged by the CDE in June 2023. Following the completion of the aforesaid study and in reliance on the clinical data derived therefrom, we intend to apply for and proceed with a phase II-III MRCT of Utidelone Capsule for the first-line treatment of advanced gastric and/or esophageal cancers, in line with our strategy to differentiate the indication development of Utidelone Capsule from Utidelone Injection.

Abbreviations:
Xeloda: capecitabine; AC: anthracycline and cyclophosphamide;
VEGF mAb: vascular endothelial growth factor monoclonal Antibody; TBD: to be determined.

OUR PRODUCT AND PIPELINE

Core Product

— **Utidelone Injection, Our Core Product**. Utidelone is produced by genetical engineering bacteria, which are developed through synthetic biology technology. For more information about the advantages of Utidelone Injection, please see the section headed "Business — Core Product: Utidelone Injection — Competitive Advantages" in this prospectus. The development plan of indications for our Core Product is set out below:

- **Relapsed or metastatic breast cancer (approved in China):** According to Frost & Sullivan, breast cancer is one of the most common cancers in the world. In 2023, the global incidence of advanced breast cancer reached 520.1 thousand, and the incidence of advanced breast cancer in China reached 78.9 thousand. According to clinical needs and market prospect, we prioritize our resources on the clinical study of Utidelone Injection for advanced breast cancer. Compared to capecitabine monotherapy, the phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer showed that the median progression-free survival (PFS), the median overall survival (OS), and the overall response rate (ORR) of the combination therapy were improved, demonstrating Utidelone Injection's good efficacy. Meanwhile, the combination therapy demonstrated mild myelosuppression, low gastrointestinal and hepatorenal toxicities, suggesting competitive advantages over other microtubule inhibitors and chemotherapy drugs. The clinical results of Utidelone Injection have been widely recognized by experts and were orally presented twice in the American Society of Clinical Oncology (ASCO) annual meeting. The findings have been published in the prestigious international oncology journals Lancet Oncology and Annals of Oncology. In March 2021, Utidelone Injection was approved for marketing by the NMPA, and each treatment cycle requires approximately five vials of Utidelone Injection. Utidelone Injection was included in the NRDL in January 2023 for relapsed or metastatic breast cancer with at least one previous chemotherapy regimen, and it was upgraded to Grade I recommendation (level 1A evidence) in the Chinese Society of Clinical Oncology (CSCO) Breast Cancer Guidelines (2023 Edition) (《CSCO乳腺癌治療指南(2023版)》). Utidelone Injection in combination with capecitabine was recommended by the CSCO guidelines for TNBC patients who have failed anthracycline or taxane treatment, along with twelve other treatment options. According to the CSCO guidelines, the chemotherapy regimen for ER+ and/or PR+ patients refers to that for TNBC. We also received approval from the FDA in June 2023 to conduct a phase III MRCT for this indication, which is expected to commence in the second half of 2024;

- **HER2- breast cancer neoadjuvant (Phase III superiority trial, head-to-head comparison with docetaxel):** As recommended by the CSCO and the National Comprehensive Cancer Network (NCCN) guidelines, anthracycline and cyclophosphamide (AC) in combination with taxanes is currently a neoadjuvant standard treatment for patients with HER2- breast cancers, nevertheless its efficacy and safety profile are limited. Based on the background that Utidelone Injection was approved for the treatment of advanced breast cancer, we believe that it can be applied to early breast cancer treatment and can benefit more cancer patients, meanwhile expanding our market share. In March 2022, we obtained a phase III IND approval from the NMPA. We have enrolled the first patient for this trial in May 2023, and expect to file an NDA submission with the NMPA in the fourth quarter of 2025;

- **Advanced NSCLC (Phase III superiority trial, head-to-head comparison with docetaxel):** According to Frost & Sullivan, lung cancer is the most common cancer in China and globally. In 2023, the global incidence of advanced NSCLC reached 1,377.6 thousand, and the incidence of advanced NSCLC in China reached 588.4 thousand. Chemotherapy is one of the most important treatments for NSCLC. According to a phase II clinical trial of Utidelone monotherapy for advanced NSCLC patients who had previously failed or were unable to tolerate the second-line treatment or above (including platinum-based chemotherapy), Utidelone Injection showed good efficacy and safety profile. In addition, the incidence of hematologic toxicity was low, with no fatalities due to treatment-related adverse events (TRAEs) during the trial. For more information, please see the section headed "Business — Core Product: Utidelone Injection — Summary of Clinical Trial Results" in this prospectus. In March 2022, we obtained a phase III IND approval from the NMPA. We are currently conducting this phase III trial and have enrolled the first patient in May 2023, expecting to file an NDA submission with the NMPA in the fourth quarter of 2025. We also received FDA approval in June 2023 to conduct phase II-III seamless MRCTs for this indication. Moreover, we have completed clinical site screening visits in the United States for the phase II trial, and expect to submit NDA in 2027;

- **Solid tumors (in combination with PD-1 for the first-line treatment of advanced gastric and esophageal cancers):** According to Frost & Sullivan, gastric and esophageal cancers are common cancers in China. In 2023, the global incidence of advanced gastric cancer and advanced esophageal cancer reached 607.2 thousand and 373.1 thousand, respectively, and the incidence of advanced gastric cancer and advanced esophageal cancer in China reached 225.1 thousand and 164.0 thousand, respectively. Chemotherapy in combination with PD-1 has gradually become the preferred option for first-line treatment of advanced gastric and esophageal cancers. We have achieved promising data of the first stage of our phase II clinical trial. In June 2023, the protocol amendment from the first stage to the second stage of the phase II clinical trial of Utidelone Injection for advanced solid tumors was acknowledged by the CDE. In September 2024, we completed the second stage of the phase II clinical trial of Utidelone Injection for advanced solid tumors;

- **Breast cancer brain metastasis, lung cancer brain metastasis and other brain tumor indications:** Utidelone can cross blood-brain barrier, enabling it to reach a high drug concentration in brain tissues, as demonstrated by two ongoing phase II clinical trials of Utidelone Injection combination therapy for the treatment of HER2- breast cancer brain metastasis. For more information, please see the section headed "Business — Core Product: Utidelone Injection — Summary of Clinical Trial Results" in this prospectus. Given Utidelone's performance in aforementioned clinical trials, we submitted a pre-IND application to the CDE in January 2024, and we received pre-IND meeting responses from the CDE in April 2024, which acknowledged our protocol to conduct a phase II (pivotal) clinical trial for the treatment of lung cancer brain metastasis in China. We obtained an IND approval for the phase II clinical trial for lung cancer brain metastasis from the NMPA in September 2024. Meanwhile, we obtained an ODD approval from the FDA for breast cancer brain metastasis in March 2024 and obtained IND approval for a phase II (pivotal) clinical trial in June 2024, which is expected to be commenced in the United States in the second half of 2024. In addition, we also plan to submit IND applications to the NMPA and the FDA for phase II clinical trials for the treatment of glioblastoma in the fourth quarter of 2024, further expanding the application scope of Utidelone for brain tumor.

As of May 31, 2024, our phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant, phase III clinical trial of Utidelone Injection for advanced NSCLC in China, and phase II-III MRCT of Utidelone Injection for advanced NSCLC were superiority head-to-head comparison trials. In the future, we may adopt head-to-head randomized controlled trial designs for other phase III clinical trials to verify the efficacy and safety profile of our product candidates in comparison to standard treatment regimens for various indications.

The following table sets forth the key details of completed clinical trials of Utidelone Injection, which are solely sponsored by our Company:

Trial	Number of trial sites	Number of enrolled patients	Timeframe	Milestone
Phase I clinical trial of Utidelone Injection for advanced solid tumors	1	21	October 2007 – August 2008	Achieved primary endpoints of MTD and DLT, pharmacokinetic profile, and recommended dose for phase II clinical trial
Phase Ib clinical trial of Utidelone Injection for advanced solid tumors	1	15	August 2008 – November 2009	Achieved primary endpoints of preliminary efficacy and recommended dose for phase II clinical trial
Phase I/II clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer	3	33	July 2012 – June 2014	Achieved primary endpoint of ORR and secondary endpoints of PFS and safety profile
Phase II clinical trial of Utidelone Injection monotherapy for advanced breast cancer	8	70	July 2012 – October 2014	Achieved primary endpoint of ORR and secondary endpoints of PFS and safety profile
Phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer	26	405	June 2014 – September 2016	Achieved primary endpoint of PFS and secondary endpoints of ORR, OS, and safety profile
Phase II clinical trial of Utidelone Injection for advanced NSCLC	4	26	April 2019 – August 2021	Achieved primary endpoint of ORR and secondary endpoints of PFS, OS, and safety profile

Other Pipeline Products

Given the properties of Utidelone, we focus on the development of a series of new formulations, Utidelone Capsule in particular, to enhance efficacy, safety profile, compliance, accessibility, and broaden the combination with other oncology drug treatments, facilitating long-term use and benefiting patients in the long run:

— **Utidelone Capsule**. We have successfully developed an oral formulation of Utidelone, and are conducting a pivotal clinical trial in China. Unlike taxanes, which are susceptible to P-glycoprotein-mediated efflux and are not readily absorbed by intestinal cells, thereby making it difficult to develop into oral formulations, Utidelone is not susceptible to P-glycoprotein-mediated efflux, thus giving it an advantage for oral administration and achieving better bioavailability.

  Going forward, we plan to submit a pre-NDA to the NMPA in the fourth quarter of 2024 for the combination of Utidelone Capsule with capecitabine for the treatment of advanced breast cancer.

We also plan to submit IND applications to the NMPA and the FDA in the fourth quarter of 2024 for a phase II-III MRCT of the combination of Utidelone Capsule with PD-1 for the treatment of advanced gastric and esophageal cancers. In the United States, we have obtained an ODD approval from the FDA for Utidelone Capsule for the treatment of advanced gastric cancer.

We expect to complete the FPI for a phase II clinical trial of Utidelone Capsule monotherapy for the treatment of advanced ovarian cancer in China in the fourth quarter of 2024.

In addition, we also plan to complete the FPI for a phase II clinical trial of Utidelone Capsule for the treatment of liver cancer in China, so as to further expand its application scope.

— **Utidelone Nanoformulation**. Utidelone nanoformulation is an enhanced version of Utidelone Injection, utilizing nanotechnology to enhance drug solubility, which effectively avoids allergic reactions caused by alcohol solvents and surfactants of drugs, eliminating the need for anti-allergy treatment before administration, and simplifying the administration process. We are currently conducting further preclinical studies relating to Utidelone nanoformulation, with plans to submit an IND application in 2025;

— **Utidelone Antibody Drug Conjugate (Utidelone ADC)**. Utidelone ADC combines the potent effects of chemotherapy drugs with the tumor-targeting advantages of antibody drugs. Given the promising performance of ADCs in indications such as breast cancer and the clinical exploration involving microtubule inhibitor drugs as effective payloads, we believe that Utidelone has the potential to be a good payload for ADCs. We plan to submit an IND application for Utidelone ADC in 2025.

Leveraging our synthetic biology technology platforms, we have also independently developed a series of product candidates with different targets and mechanisms of action, including:

— **BG22** is a non-ribosomal polypeptide compound exhibiting promising anti-tumor activity by inhibiting DNA replication and transcription, inhibiting hypoxia-inducible factor 1 α signals, and suppressing cancer stem cells. Studies have shown that the presence of cancer stem cells in malignant tumors such as breast cancer, lung cancer, liver cancer, and pancreatic cancer, is considered to be one of the causes of tumor development, invasion, metastasis, and resistance to radiotherapy and chemotherapy. BG22 can be developed as a cancer stem cell inhibitor for solid tumors. We are going to submit an IND application for BG22 nanoformulation in 2025;

— **BG18** is a new derivative of a natural compound, as well as a protein phosphatase inhibitor that exhibits highly specific inhibition activity. Preclinical cytotoxic activity study and preclinical pharmacodynamic study have shown that this natural compound demonstrates inhibitory effects on human cancer cell lines such as leukemia, colorectal cancer, lung cancer, breast cancer, and ovarian cancer *in vitro*, and also displays promising anti-tumor effects *in vivo*. It can address the defect of the natural compound, which is less stable in human body, thereby enhancing its druggability. Systematic CMC studies and non-clinical research on BG18 are currently in progress, and we plan to submit an IND application in 2026;

— **BG44**, produced from genetical engineering bacteria, is a derivative of Utidelone. The development of next-generation drugs typically involves lower investment and a shorter research cycle, benefiting from favorable policies and market conditions. We plan to submit an IND application in 2026.

OUR TECHNOLOGY PLATFORMS

We have established three key synthetic biology-based technology platforms, including the combinatorial biosynthesis, the microbial fermentation production and the microbial drug formulation development.

The combinatorial biosynthesis platform serves as the foundation, designing and constructing genetical engineering bacteria which could produce a series of new compounds (e.g. Utidelone). In the meantime, the microbial fermentation production platform uses the genetical engineering bacteria to scale up the production of compounds from laboratory scale to industry scale. Finally, the microbial drug formulation platform offers a versatile toolkit to develop various formulations of compounds (e.g. Utidelone Capsule), thereby expanding our application scenarios. All of our product and candidates are benefited from one or more of these technology platforms. Each platform assumes a distinct role in the development of our products or candidates, and their integration has created a powerful trinity of "design+production+development," forming a cohesive development model. Leveraging the synergy between the three platforms, we have successfully developed Utidelone Injection and will continue to develop more new products.

— **The combinatorial biosynthesis platform as the cornerstone of our sustainable development of drug candidates.** Based on the elucidation and understanding of the biosynthetic mechanisms of microbial metabolites, taking into account the structure-activity relationship and pharmacokinetic characteristic, we rationally design and make "unnatural natural compounds" by directional modification of the biosynthetic gene clusters or change of the microbial metabolic pathways. This technology allows us to continuously create and produce new molecules from bacterial fermentation. After undergoing directional design, modification, and testing in preclinical studies, these new molecules generally possess superior pharmacokinetic property, reduced toxicity, or better bioavailability. Utidelone and our current drug candidates are generated by this technology, highlighting the advantage of our combinatorial biosynthetic platform for sustainable innovation.

— **The microbial fermentation production platform as a guarantee of stable and high yield production and cost competition edge.** We have successfully overcome the technical difficulties in scaling up fermentation from genetical engineering bacteria of Utidelone or other drug candidates. We have achieved a leap from process development and small-scale production of Utidelone to pilot-scale and industrial production, which provides us with a reliable guarantee for stable and high-yield industrial production and confers us with competition edge in terms of costs and environment. The platform is also a guarantee for other innovative drug candidates to achieve smooth transition from the pilot stage to large-scale production.

— **The microbial drug formulation platform as a facilitator for the drug development and iteration of our products.** Our microbial drug formulation platform offers the capability to develop various proprietary formulation of microbial small molecules by differentiated formula designs, preparation methods, production processes and CQA controls. This platform allows us to explore the clinical value, and expand the application scope, of our drug candidates. It can also improve the druggability of microbial small molecule compounds by enhancing the convenience, safety profile, and efficacy. We have successfully developed Utidelone Injection through the formulation platform. Meanwhile, we have successfully addressed issues relating to low solubility and susceptibility to crystallization of Utidelone, and have developed an oral formulation. We believe Utidelone Capsule poses a notable advancement in cancer treatment, which may lead to an increase in our market share if and when it is approved for marketing.

For further information, see "Business — Our Technology Platforms."

OUR COMPETITIVE STRENGTHS

- Synthetic biology based innovation platforms with progressive technology for innovative drug development and high barriers for generics
- Core Product with unique competitive merits and great potential to compete against taxanes
- Maximizing commercial potential through indication expansion and formulation development efforts
- Efficient and eco-friendly production capacity achieved through high-yield genetical engineering bacteria and advanced manufacturing facilities and quality control systems
- Our marketing team is continuously strengthening its cooperation with third parties to boost the market share of our products
- Seasoned management team with a proven track record of R&D, led by founders with extensive experience in the biotechnology field

OUR DEVELOPMENT STRATEGIES

We plan to pursue the following opportunities and execute our key strategies accordingly:

- Launching our products worldwide by continuously enhancing our R&D activities
- Satisfying global needs by optimizing our production quality and capacity
- Extending brand recognition and market reach by strengthening and expanding our sales and marketing team
- Speeding up technological innovation and commercialization by attracting, cultivating, and retaining top-tier talents

RESEARCH AND DEVELOPMENT

With the benefit of our three key technology platforms, we are able to independently develop innovative drugs for the entire process of R&D. We possess a forward-looking and robust in-house R&D team enriched with extensive experience and knowledge to develop our pipeline. As of May 31, 2024, our R&D team consisted of 55 members, with five core members, boasting expertise that spans various fields such as technology platforms and medical and clinical cooperations. A majority of our key R&D personnel have over 10 years of experience in pharmaceutical industry. They possess robust backgrounds in project management for innovative drugs. Our R&D personnel have strong educational backgrounds, playing a central role in the development of our product and pipeline. We also consistently cooperate with experienced and qualified third parties such as CROs, SMOs and clinical research sites (hospitals) to support our preclinical studies and clinical trials. Our R&D personnel, together with the collaboration with third-parties, ensures that we have sufficient R&D capabilities to advance our development efforts. Leveraging our expertise in synthetic biology and advanced technology platforms, we develop compounds with strong druggability and potential for industrialization. This approach has enabled us to successfully undertake the industrial production of innovative drugs and the creation of new formulations.

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our R&D expenses were RMB82.7 million, RMB126.5 million and RMB43.8 million, respectively. Such expenses mainly included staff costs, clinical expenses, technical service expenses, material expenses and equity-settled share-based payment expenses during the Track Record Period. In particular, R&D expenses for our Core Product (including IITs) amounted to RMB50.8 million, RMB98.6 million and RMB30.7 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, respectively, which accounted for 61.4%, 77.9% and 70.1% of our total R&D expenses and 21.9%, 37.1% and 33.0% of our total operating expenses for the same periods, respectively. We expect that our R&D expenses will increase in line with the future growth of our business.

For further information, see "Business — Research and Development."

ADDRESSABLE MARKET AND COMPETITIVE LANDSCAPE

Our industry is highly competitive and may subject to rapid or significant change. While we believe that our technology platforms, programs in biopharmaceutical areas, and experienced leadership team could equip us with competitive advantages, we may still face potential competition from industry peers working to develop therapies targeting the same indications. These include major biopharmaceutical companies and specialty pharmaceutical and biotechnology companies. Any drug candidate that we may successfully develop and commercialize will compete with existing drugs as well as with any new drug that may become available in the future. We develop chemotherapy drugs for various cancers such as breast cancer, NSCLC, gastric cancer, esophageal cancer, ovarian cancer, liver cancer, and glioblastoma, facing stiff competition from a burgeoning landscape of pharmaceutical companies. Of particular note is the increasing trend of companies developing oral microtubule inhibitors, presenting challenges to our Company.

The following table sets forth the addressable patient size for each of the targeted indications of our Company's product portfolio in China and globally in 2023, 2027 and 2030, as well as the rate of specific indication in total incidence and the availability of peer therapies that target selectively on different indications as of May 31, 2024:

Product	Indication	Incidence (2023, China)/ Thousand	Incidence (2027, China)/ Thousand	Incidence (2030, China)/ Thousand	Incidence (2023, Global)/ Thousand	Incidence (2027, Global)/ Thousand	Incidence (2030, Global)/ Thousand	Rate of specific indication in total incidence	Availability of peer therapies	Other chemotherapy drugs approved in China
Utidelone Injection	Relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen[1]	85.0	93.3	99.3	560.4	634.7	704.9	Approximately 23% of total breast cancer	Yes, including chemical and biological targeted drugs	eribulin, lobaplatin, carmofur, chlorambucil, epirubicin, doxifluridine, capecitabine, gemcitabine, docetaxel, idarubicin, vinorelbine, paclitaxel, mitoxantrone, ifosfamide, mitomycin, doxorubicin, cyclophosphamide[1]
	Advanced NSCLC	588.4	652.1	698.5	1,377.6	1,537.0	1,660.1	Advanced rate 63.5%	Yes, including chemical and biological targeted drugs	pemetrexed, gemcitabine, docetaxel, vinorelbine, paclitaxel, ifosfamide
	Breast cancer Neoadjuvant	75.9	89.3	99.6	500.9	607.0	706.9	Early stage rate for neoadjuvant Chemotherapy 21%	Yes, including chemical and biological targeted drugs	docetaxel, paclitaxel, epirubicin, doxorubicin, pirarubicin, cyclophosphamide, epirubicin, platinum-based drugs[2]
	Breast cancer brain metastasis[2]	45.6	49.8	52.7	301.0	338.7	374.4	Breast cancer brain metastasis rate 12.5%	Yes, including chemical targeted drugs	NA
	Lung cancer brain metastasis	185.3	205.4	220.0	433.9	484.1	522.9	Lung cancer brain metastasis rate 20.0%	NA	NA
	Glioblastoma	43.7	48.9	52.5	311.2	339.1	360.4	—	Yes, including biological targeted drugs	temozolomide

Product	Indication	Incidence (2023, China)/ Thousand	Incidence (2027, China)/ Thousand	Incidence (2030, China)/ Thousand	Incidence (2023, Global)/ Thousand	Incidence (2027, Global)/ Thousand	Incidence (2030, Global)/ Thousand	Rate of specific indication in total incidence	Availability of peer therapies	Other chemotherapy drugs approved in China
Utidelone Capsule	Advanced breast cancer	78.9	86.1	91.1	520.1	585.4	647.0	Advance rate 21.6%	Yes, including chemical and cancer biological targeted drugs	eribulin, lobaplatin, carmofur, chlorambucil, epirubicin, doxifluridine, capecitabine, gemcitabine, docetaxel, idarubicin, vinorelbine, paclitaxel, mitoxantrone, ifosfamide, mitomycin, doxorubicin, cyclophosphamide
	Advanced gastric cancer	225.1	250.6	269.5	607.2	674.7	727.0	Advanced rate 61.0%	Yes, including chemical and biological targeted drugs	carmofur, epirubicin, doxifluridine, capecitabine, oxaliplatin, docetaxel, mitomycin, nimustine
	Advanced esophageal cancer	164.0	184.2	199.1	373.1	415.2	447.6	Advanced rate 71.0%	Yes, including chemical and biological targeted drugs	carmofur, epirubicin, doxifluridine, capecitabine, oxaliplatin, docetaxel, mitomycin, nimustine
	Advanced ovarian cancer	46.2	48.2	49.4	250.5	272.3	287.6	Advanced rate 75.0%	Yes, including chemical and biological targeted drugs	epirubicin, topotecan, paclitaxel, carboplatin, melphalan, cyclophosphamide
	Advanced liver cancer	295.5	321.8	341.2	698.9	773.7	831.4	Advanced rate 78.6%	Yes, including chemical and biological targeted drugs	mitomycin, mitoxantrone, epirubicin, nimustine

Source: Literature Review, SEER, Frost & Sullivan Analysis

Notes:

(1) There is no chemotherapy drug that is completely consistent with the approved indications of our Company's products, so the focused indication is advanced breast cancer.

(2) Neoadjuvant therapy was developed later than most of the early approved chemotherapy drugs, so the drug label does not specify whether it is suitable for neoadjuvant therapy; chemotherapy drugs used for neoadjuvant therapy are derived from CSCO guideline recommendations.

The following table sets forth the standard of care treatment of our Core Product:

Indication	Standard of care
Advanced breast cancer	HER2+: taxane and trastuzumab combined with pertuzumab/ pyrotinib HER2-: taxane alone or taxane combined with capecitabine/ gemcitabine/platinum ER+ and/or PR+: chemotherapy, CDK4/6i in combination with aromatase inhibitor or fulvestrant As of the Latest Practicable Date, there was no standard of care treatment for breast cancer brain metastasis, radiotherapy, as well as tucatinib in combination with trastuzumab and capecitabine was primarily employed in the treatment.

Indication	Standard of care
Advanced NSCLC	TKI (Different drugs are used according to different mutations) or platinum-based chemotherapy and taxane or antibody drugs. As of the Latest Practicable Date, there was no standard of care treatment for lung cancer brain metastasis, and surgery, radiotherapy, and chemotherapy were primarily employed in the treatment.
Breast cancer Neoadjuvant	HER2+: Trastuzumab, pertuzumab, taxane HER2-: Anthracycline combined with taxane
Glioblastoma	Surgery, postoperative temozolomide (TMZ) combined with radiotherapy, and temozolomide adjuvant chemotherapy are the current standard treatment options for glioma.

Source: Frost & Sullivan analysis

According to Frost & Sullivan, as of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our products or product candidates, for breast cancer, there were 22 drugs approved globally, including 18 in China. As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our product or product candidates, for NSCLC, there were eight drugs approved globally, including six in China; there were nine product candidates in phase III or later globally, including five in China. As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our product or product candidates, for gastric cancer, there were 14 drugs approved globally, including eight in China; there were two product candidates in phase III or later globally, with none at the same stage in China; there were 10 product candidates in phase II globally, including four in China. As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our product or product candidates, for esophageal cancer, there were 16 drugs approved globally, including eight in China; there were two product candidates in phase III or later globally, with none at the same stage in China; there were 12 product candidates in phase II globally, including four in China. As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our product or product candidates, for glioblastoma, there were three drugs approved globally, including one in China; there were five product candidates in phase III or later globally, including one in China; there were five product candidates in phase II globally, including one in China; there were one product candidate in phase I globally, with none at the same stage in China. The number of the above-mentioned approved drugs represents a historically cumulative number, encompassing numerous chemotherapy drugs approved over decades.

According to Frost & Sullivan, as of May 31, 2024, there were seven microtubule inhibitor chemotherapy drugs approved globally for the treatment of breast cancer, including five in China. For NSCLC, there were three microtubule inhibitor chemotherapy drugs approved globally, with all

three in China. For gastric cancer, there were two microtubule inhibitor chemotherapy drugs approved globally, including one in China. For esophageal cancer, there were three microtubule inhibitor chemotherapy drugs approved globally, including one in China. There was no microtubule inhibitor chemotherapy drug that had been approved for the treatment of glioblastoma globally.

The following table sets forth the differences between Utidelone Injection and other microtubule inhibitors:

Category	Binding Site & MOA	Raw material & manufacture method	Indication	Water Solubility	Route of Administration	Frequency of Administration	Annual Cost (RMB)[1]	Others
Utidelone (Utidelone Injection)	Both in taxane pocket of the subunit of β - microtubule m-loop, but their binding sites with microtubule are different. Prevent the depolymerization of microtubules and thus prevent the progression of cells through the m-phase of the cell cycle.	• Raw material: soy peptone, sugar, inorganic salt, and buffer • Manufacture method: biosynthesis, a more efficient and environmentally friendly method than other current manufacture methods	• breast cancer	• water solubility problem has been solved through formulation technology, and the oral capsule that has shown good bioavailability is in the clinical development stage	• Intravenous injection	• Once a day, for 5 consecutive days, with 21 days as a treatment cycle. • Continuous injection is required in the early stage; patients need to visit hospital for injection in the first 5 consecutive days during the entire treatment cycle.	• 36,320	• not p-glycoprotein substrate drugs, meaning the capability to achieve better bioavailability • has the ability to cross blood-brain barrier, showing potential efficacy in brain metastases of solid tumors and brain tumors that currently lack treatment options
Other Epothilones (Ixabepilone)		• Raw material: chemical raw materials, and metabolism of the cellulose-degrading myxobacterium, Sorangium cellulosum • Manufacture method: semi-synthesis	(Only approved in US) • breast cancer	• very slight water solubility but not yet developed as an oral formulation	• Intravenous injection	• Once a day, one day every 3 weeks. • Due to the relatively low frequency of administration, patients do not need to visit hospital frequently.	• Approximately 100,000 (USD)	• not p-glycoprotein substrate drugs, showing potent cytotoxic activity toward paclitaxel-sensitive and paclitaxel-resistant cells expressing p-glycoprotein or mutant tubulin • may have the ability to cross blood-brain barrier • efficient production process and reduced production cost
Taxanes (Paclitaxel, docetaxel)		• Raw material: natural yew • Manufacture method: direct extraction from natural yew or semi-synthesis based on intermediates in natural yew	• breast cancer • non-small cell lung cancer • gastric cancer • prostate cancer • ovarian cancer • kaposi sarcoma • prostate cancer	• poor water solubility makes it difficult to be formulated into oral dosage forms, with poor bioavailability of marketed oral liquid	• Intravenous injection	• **Paclitaxel injection:** once a day, one day every 3 weeks; **Paclitaxel polymeric micelles for injection (approved in China for NSCLC):** once a day, second dose after 3 weeks; for the second cycle and subsequent cycles, once a day, one day every 3 weeks; **Paclitaxel liposomes for injection:** once a day, one day every 3 weeks; **Paclitaxel for injection (albumin bound):** once a day, one day every 3 weeks; and **Docetaxel injection:** once a day, one day every 3 weeks. • Due to the relatively low frequency of administration, patients do not need to visit hospital frequently.	• **Paclitaxel injection:** 39,146; **Paclitaxel polymeric micelles for injection (approved in China for NSCLC):** 233,220; **Paclitaxel liposomes for injection:** 16,416; **Paclitaxel for injection (albumin bound):** the import, sale and use of Celgene/ Beigene's paclitaxel for injection (albumin bound) were suspended by NMPA until 2024. Therefore, as of the Latest Practicable Date, the treatment cost of original drug was not available; and **Docetaxel injection:** 43,680.	• p-glycoprotein substrate drugs • the most widely approved microtubule inhibitors with multiple innovative dosage forms, among which paclitaxel liposomes have rare allergic reactions and have good safety
Vinca Alkaloids (Vinblastine, Vincristine, Vindesine, Vinorelbine)	The vinca site is at the interface between α and β heterodimers in a head-to-tail arrangement. Prevent the polymerization of microtubules and thus prevent mitosis.	• Raw material: Catharanthus roseus • Manufacture method: direct extraction from natural Catharanthus roseus or semi-synthesis based on intermediates in natural Catharanthus roseus	• hematological • malignant tumors • breast cancer • non-small cell lung cancer	• some drugs are water soluble but poor bioavailability of marketed oral soft capsule	• Intravenous injection • Oral administration	• **Vinblastine injection:** once a day, one day a week; **Vincristine sulfate for injection:** once a day, one day a week; **Vindesine sulfate for injection:** once a day, one day every 7 to 10 days, usually 4 to 6 times in a cycle; **Vinorelbine tartrate soft capsule:** once a day, one day a week, 3 weeks as a treatment cycle; and **Vinorelbine tartrate injection:** once a day, one day a week, 21 days as a cycle. • Due to the relatively high frequency of administration, particularly for injection treatments, patients are required to visit hospital at separate times throughout the treatment cycle.	• **Vinblastine injection, vincristine sulfate for injection, and vindesine sulfate for injection:** approximately 2,300 — 5,500; **Vinorelbine tartrate soft capsule:** 131,070; and **Vinorelbine tartrate injection:** 34,020.	• p-glycoprotein substrate drugs • a variety of vinca alkaloid drugs have been approved, some of which are effective against blood tumors
Halichondrin B (Eribulin mesilate injection)	Halichondrin B binds microtubule at a site close to the vinca site altering depolymerization. Prevent the polymerization of microtubules and thus prevent mitosis.	• Raw material: chemical raw materials and intermediates • Manufacture method: chemical synthesis	• breast cancer	• water soluble but has not yet been developed into an oral dosage form	• Intravenous injection	• 21 days as a cycle, once a day on the first and 8th day of each cycle. • Due to the relatively high frequency of administration, patients are required to visit hospital on separate days throughout the treatment cycle.	• 33,594	• p-glycoprotein substrate drugs • inhibits tumor cells with beta-tubulin mutations, helping overcome drug resistance of taxanes caused by genetic alterations

Note:

(1) Chemotherapy drugs usually require 6-8 cycles of treatment. Annual Cost is estimated as 2023 median treatment cost for breast cancer in China, with basis on original drug's price. The median treatment cost was estimated based on an assumed average body surface area of 1.6 square meters and eight treatment cycles per year, without consideration to medical insurance and free medication.

Source: Literature Review, Frost & Sullivan Analysis

OUR MARKET AND PRODUCT STRATEGIES

The development strategy for Utidelone Injection and Utidelone Capsule covers various cancer indications, each formulation tailored to specific needs of patients. Considering the clinical trial advancements of Utidelone Injection and its ability to penetrate the blood-brain barrier, Utidelone Injection is targeted towards NSCLC, breast cancer neoadjuvant, brain metastasis and glioblastoma, apart from advanced breast cancer. Utidelone Capsule is targeted towards gastrointestinal cancers due to its absorption route. For ovarian cancer, we develop Utidelone Capsule because its oral formulation presents comparative advantages over taxanes. Advancing both formulations for breast cancer offers multiple benefits: the approval of Utidelone Injection may expedite the market entry of Utidelone Capsule, and the established market reputation of Utidelone Injection will bolster the market acceptance Utidelone Capsule, while Utidelone Capsule could complement Utidelone Injection as an adjuvant and maintenance treatment.

Our primary development strategy revolves around leveraging the advantages inherent in our current product portfolio while prioritizing projects that entail minimal investment, carry low risk and fast moving, and have the potential for swift product development. Based on the extensive experience spanning the entire process from pre-clinical studies to commercialization, we aim to expedite the introduction of innovative drugs to the market and provide a feasible path to commercialization, thereby maximizing its competitive edge and meeting evolving patient demands.

THE IMPACT OF BEING INCLUDED IN THE 2022 NRDL

In January 2023, Utidelone Injection was officially included in the 2022 NRDL and has been sold at an agreed price that was negotiated with the government since March 1, 2023, which alleviated financial burden on patients and expanded our market reach. The negotiated price will be effective until December 31, 2024, upon which we will seek a renewal of the drug negotiation agreement. Based on our current estimation with reference to our sales, our Directors are of the view that Utidelone Injection satisfies the conditions set out in the Renewal Rules and will not face price reductions until the end of 2026. See "Business — Commercialization, Sales and Marketing — Pricing" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

Customers

During the Track Record Period, our revenue was derived from the sales of Utidelone Injection. Our customers are primarily distributors who sell our products to hospitals and pharmacies. Member entities of the same group are represented on a consolidated basis as a single customer. Our revenue generated from our largest customer in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB7.7 million, RMB21.8 million, and RMB10.0 million, accounting for 23.4%, 32.7%, and 34.9% of our total revenue, respectively; revenue from our five largest customers in aggregate in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB26.8 million, RMB58.9 million, and RMB24.0 million, accounting for 81.6%, 88.5%, and 84.0% of our total revenue, respectively, indicating a relatively high customer concentration.

According to Frost & Sullivan, it is common for biopharmaceutical companies, particularly those with single approved product and in the early commercialization stage, to depend heavily on a limited number of customers.

Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of raw materials and consumables for our drug development; (ii) suppliers of energy, such as water, electricity, and natural gas, for our R&D, as well as production; and (iii) CROs, who provide third-party contracting services for R&D. Member entities of the same group are represented on a consolidated basis as a single supplier. Our purchases from our largest supplier in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB21.5 million, RMB25.8 million, and RMB25.6 million, accounting for 18.3%, 15.4%, and 29.7% of our total purchases, respectively; purchases from our five largest suppliers in aggregate in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB45.5 million, RMB57.4 million, and RMB39.3 million, accounting for 38.8%, 34.2%, and 45.5% of our total purchases, respectively.

INTELLECTUAL PROPERTY

We have a global portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we had eight issued patents in China (including the patent relating to the Utidelone crystal structure granted in April 2024), three issued patents in the United States, 11 issued patents in other jurisdictions, and 17 patent applications. As of the Latest Practicable Date, we had 14 issued patents and four patent applications in relation to the Core Product. The patents granted to, or under application by, our Company cover all material aspects of our Core Product. According to the U.S. IP consultant and PRC IP consultant, in the event of expired and expiring patents, our remaining patents and related trade secret information, can still contribute to establishing patent/technical barriers to prevent competitors from generic.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The table below sets forth the summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	32,820	66,635	27,047	28,564
Cost of sales	(8,940)	(19,810)	(8,712)	(4,269)
Gross profit	23,880	46,825	18,335	24,295
Other net income	51,376	31,694	14,758	11,436
Selling and distribution expenses	(97,910)	(95,397)	(42,672)	(29,278)
Administrative expenses	(51,501)	(43,900)	(16,078)	(19,941)
Research and development expenses	(82,739)	(126,537)	(58,180)	(43,825)
(Impairment loss)/reversal of impairment loss on trade and other receivables	(1,211)	1,284	711	(22)
Other operating expenses	(2,335)	(3,556)	(274)	(93)
Loss from operations	(160,440)	(189,587)	(83,400)	(57,428)
Finance costs	(71)	(57)	(29)	(25)
Loss before taxation	(160,511)	(189,644)	(83,429)	(57,453)
Income tax	—	—	—	—
Loss for the year/period attributable to equity shareholders of the Company	(160,511)	(189,644)	(83,429)	(57,453)

Our revenue increased by 103.0%, rising from RMB32.8 million for the year ended December 31, 2022 to RMB66.6 million for the year ended December 31, 2023, and increased by 5.9% from RMB27.0 million for the five months ended May 31, 2023 to RMB28.6 million for the period in 2024. This growth can primarily be attributed to the increase in sales volume following our Core Product's official inclusion in the NRDL 2022, which has made it accessible to a broader patient base. After the official inclusion of Utidelone Injection in NRDL in January 2023, the negotiated price of Utidelone Injection was effective on March 1, 2023. The price of Utidelone Injection has reduced by more than 60% since March 1, 2023, while our sales volume was 18,483 vials, 90,021 vials, 36,883 vials and 38,577 vials for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. During the Track Record Period, we had an operating loss. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we had loss for the year/period of RMB160.5 million, RMB189.6 million, RMB83.4 million and RMB57.5 million, respectively, which was primarily attributed to our selling and distribution expenses, R&D expenses and administrative expenses.

Summary of Consolidated Statements of Financial Position

The table below sets forth the summary of our consolidated statements of financial position for the periods indicated:

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	121,668	138,814	164,812
Total current assets	804,670	633,530	567,546
Total assets	**926,338**	**772,344**	**732,358**
Total current liabilities	51,725	43,743	55,800
Net current assets	**752,945**	**589,787**	**511,746**
Total non-current liabilities	6,688	5,440	6,044
Total liabilities	**58,413**	**49,183**	**61,844**
NET ASSETS	**867,925**	**723,161**	**670,514**
CAPITAL AND RESERVES			
Share capital	350,000	350,000	350,000
Reserves	517,925	373,161	320,514
TOTAL EQUITY	**867,925**	**723,161**	**670,514**

Our net current assets decreased from RMB752.9 million as of December 31, 2022 to RMB589.8 million as of December 31, 2023, and further decreased to RMB511.7 million as of May 31, 2024, primarily due to a decrease in financial assets, which resulted from the allocation of the funds towards daily operations.

Our total equity decreased from RMB723.2 million as of December 31, 2023 to RMB670.5 million as of May 31, 2024, primarily due to the loss for the period of RMB57.5 million for the five months ended May 31, 2024, partially offset by the equity-settled share-based payment expenses of RMB4.7 million for the five months ended May 31, 2024.

Our total equity decreased from RMB867.9 million as of December 31, 2022 to RMB723.2 million as of December 31, 2023, primarily due to the loss for the year of RMB189.6 million for the year ended December 31, 2023, partially offset by the equity-settled share-based payment expenses of RMB44.4 million for the year ended December 31, 2023.

Summary of Consolidated Statements of Cash Flows

The table below sets forth the summary of our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash used in operations before changes in working capital	(101,290)	(160,513)	(68,040)	(57,493)
Changes in working capital	21,852	11,181	(1,013)	6,479
Net cash used in operating activities	(79,438)	(149,332)	(69,053)	(51,014)
Net cash (used in)/generated from investing activities	(146,788)	129,829	138,301	49,235
Net cash generated from/(used in) financing activities	3,533	(1,130)	(366)	(210)
(Decrease)/increase in cash and cash equivalents	(222,693)	(20,633)	68,882	(1,989)
Cash and cash equivalents at January 1	268,415	60,106	60,106	38,087
Effect of foreign exchange rate changes	14,384	(1,386)	(3,198)	(171)
Cash and cash equivalents at December 31/May 31	60,106	38,087	125,790	35,927

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we had net cash used in operating activities of RMB79.4 million, RMB149.3 million and RMB51.0 million, respectively. The negative operating cash flows we experienced during the Track Record Period primarily resulted from our cash-intensive R&D activities and the marketing expansion of our already marketed drugs. We plan to improve our operating cash flow position by (i) maintaining and enhancing the momentum of revenue growth in the sales of the Core Product; (ii) advancing our portfolio product candidates towards commercialization; (iii) enhancing cost efficiency and managing the growth of expenses; and (iv) enhancing our efforts in collecting trade receivables.

Our Directors are of the view 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 sufficient working capital to cover at least 125% of our costs, including R&D expenses and administrative expenses for at least the next 12 months from the expected date of this prospectus. Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, including clinical development and business development activities and sales and marketing activities; (ii) purchase of property, plant and equipment; (iii) interest paid on lease liabilities; and (iv) payment of lease liabilities. Assuming an average cash burn rate going forward of 1.2 times of the level for the five months ended May 31,

2024, we estimate that our cash and cash equivalents, fixed deposits with banks and financial assets measured at fair value through profit or loss as of August 31, 2024, totaling RMB476.4 million, will be able to maintain our financial viability for approximately 34 months taking into account the estimated net proceeds from the Global Offering (based on the low-end of the indicative Offer Price range). Our Directors will continue to monitor our working capital, cash flows and our business development progress.

Key Financial Ratios

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

	As of/for the year ended December 31,		As of/for the five months ended May 31,
	2022	2023	2024
Profitability ratios			
Gross margin (%)	72.8	70.3	85.1
Liquidity ratios			
Current ratio[(1)] (times)	15.6	14.5	10.2
Quick ratio[(2)] (times)	15.0	13.9	9.6
Capital adequacy ratios			
Gearing ratio[(3)] (%)	0.2	0.1	0.3

Notes:

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

(2) Quick ratio equals currents assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated as dividing total debt by total equity as of the end of that year/period. Total debt represents all interest bearing debt.

For details, see "Financial Information — Key Financial Ratios."

SUMMARY OF MATERIAL RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Company. Some of the major risks that we face include:

- The Core Product will continue to be the primary source of our revenue and profits in recent times, limiting our profitability to a single product, and currently, we primarily rely on a single active pharmaceutical ingredient, Utidelone, in the development and commercialization of our Core Product and some of our product candidates.
- Our commercialized drugs may face uncertainties from national, provincial or other third-party drug reimbursement practices and drug pricing policies or regulations, which could adversely affect our business.
- We face competition from existing products and product candidates. Our competitors may discover, develop or commercialize competing drugs earlier or more successfully than we do.
- Our drug candidates and future drugs may not be covered by insurance or reimbursement programs or may become subject to unfavorable insurance policies, reimbursement practices and pricing regulations, which could make it difficult for us to sell our drugs profitably.
- Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and results of earlier studies and trials may not be predictive of future trial results.
- Uncertainties in our commercial promotion and indication expansion may impact our sales volume, resulting in our increased production capacity not being digested in time, which could adversely affect our business.
- If third parties we collaborate with to develop drug candidates do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates as expected.
- If we fail to obtain and maintain intellectual property protection for our product candidates globally, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could challenge us, harming our ability to successfully develop and commercialize any of our product candidates.
- The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists and clinical and sales personnel could adversely affect our business.

- We may need to obtain additional financing to fund our expansion of R&D and our operations, and we may not have access to sufficient funding.
- We do not have a controlling shareholder, and our equity ownership is widely dispersed. If, following our current listing, other shareholders increase their stakes with the aim of gaining significant influence or even acquiring control of us, it is not ruled out that this could lead to an unstable corporate governance structure, reduced efficiency in major operational decisions, and consequently, pose risks to our production, operation, and performance.
- No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop, especially considering that certain of our existing shareholders may be subject to a lock-up period.

For more details, see "Risk Factors" in this prospectus.

SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Dr. Tang Li directly held approximately 1.03% issued share capital of our Company, whilst Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, all of which were controlled by Dr. Tang Li, held in aggregate approximately 28.44% of the issued share capital of our Company. Therefore, Dr. Tang Li, Dr. Qiu Rongguo (being spouse of Dr. Tang Li), Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, were in aggregate entitled to exercise approximately 29.47% (slightly lower than 30%) of the voting rights in our Company, and constituted our Single Largest Group of Shareholders. Immediately upon completion of the Global Offering, our Single Largest Group of Shareholders will hold approximately 28.29% of the total issued share capital of our Company.

Pursuant to a joint-control agreement dated September 15, 2022, Dr. Tang Li and Dr. Qiu Rongguo mutually agreed that each of them shall discuss with each other before casting any votes at meetings of the Shareholders; and in the event Dr. Tang Li and Dr. Qiu Rongguo are unable to reach consensus, the view of Dr. Tang Li shall prevail and Dr. Qiu Rongguo shall vote accordingly.

For further details, see "Relationship with Our Single Largest Group of Shareholders" and "Substantial Shareholders" in this prospectus.

PRE-IPO INVESTORS

Since the establishment of our Company, we have received several rounds of equity financing from our Pre-IPO Investors. Our Pre-IPO Investors include Sophisticated Investors, such as MPC VI and Lapam VC, which held approximately 4.90% and 3.99%, respectively, of the total issued share capital of our Company as of the Latest Practicable Date and are expected to hold approximately 4.70% and 3.83%, respectively, immediately upon the Listing. Pursuant to applicable PRC laws, the Pre-IPO Investors shall not dispose of any of the Shares held by them within 12 months following the Listing Date. As of May 31, 2024, the amount of proceeds from our Pre-IPO Investors that had not been utilized was approximately RMB505 million, accounting for

approximately 43.7% of all the proceeds from our Pre-IPO Investors. For details of our Pre-IPO Investments, see "History, Development and Corporate Structure — Pre-IPO Investments" in this prospectus.

DIVIDENDS

We have not declared or paid any dividends on our ordinary shares or any other securities. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business. We currently do not have any dividend policy and do not intend to declare or pay any 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 in accordance with our Articles of Association and the PRC Company Law, 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. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

OFFERING STATISTICS

	Based on an Offer Price of HK$16.0 per H Share	Based on an Offer Price of HK$22.0 per H Share
Market capitalization of our Shares[(1)]	HK$5,833.4 million	HK$8,020.9 million
Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share[(2)(3)]	HK$2.58	HK$2.81

Notes:

(1) The calculation of market capitalization is based on 364,588,000 Shares expected to be in issue immediately after completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset attributable to equity shareholders of Company per Share as of May 31, 2024 is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information."

(3) No adjustment has been made to reflect our any trading results or other transactions entered into subsequent to May 31, 2024.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$19.0 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), will be approximately HK$234.0 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

We intend to apply the net proceeds of the Global Offering for the purposes and in the amounts set out below, assuming that the Offer Price is fixed at HK$19.0 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus):

(i) approximately 44.9% of our estimated net proceeds, or HK$105.1 million, will be used to fund the ongoing and planned clinical trials of our Core Product;

(ii) approximately 38.9% of our estimated net proceeds, or HK$91.1 million, will be used to fund the ongoing and planned clinical trials and pre-clinical studies of products besides our Core Product and the investigator-initiated trials for our Core Product;

(iii) approximately 3.0% of our estimated net proceeds, or HK$7.0 million, will be used to strengthen our domestic commercialization capabilities and construct our global marketing network;

(iv) approximately 3.2% of our estimated net proceeds, or HK$7.4 million, will be used to expand our production capacity; and

(v) approximately 10.0% of our estimated net proceeds, or HK$23.4 million, will be used as working capital and for general corporate purposes.

For further details, please see "Future Plans and Use of Proceeds."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB39.3 million (including underwriting commission, at the Offer Price of HK$19.0 per H Share, being the mid-point of the indicative Offer Price range of HK$16.0 to HK$22.0 per H Share), which represent 15.6% of the gross proceeds from the Global Offering. The above listing expenses comprise (i) underwriting-related expenses, including sponsor fee and underwriting commission, of RMB13.7 million; and (ii) non-underwriting-related expenses of RMB25.6 million, including (a) the legal advisors and the reporting accountants' expenses of RMB17.0 million, and (b) other fees and expenses of RMB8.6 million. During the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we incurred listing expenses in profit or loss of nil, RMB5.4 million and RMB9.1 million, respectively. Some listing expenses to be deducted from equity are recognized as prepayments as of May 31, 2024. After May 31, 2024, approximately RMB15.9 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB8.9

million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENT

The recent developments of some of our pipeline products since the end of the Track Record Period include:

Utidelone Injection

- We obtained an ODD approval from the FDA for Utidelone Injection in the treatment of breast cancer brain metastasis in March 2024, and we obtained the phase II (pivotal) IND approval from the FDA in June 2024.
- The FDA lifted the partial clinical holds on the phase III MRCT of Utidelone Injection for advanced breast cancer and the phase II-III MRCT of Utidelone Injection for advanced NSCLC.
- We completed the second stage of the phase II clinical trial of Utidelone Injection for advanced solid tumors in September 2024.
- We obtained an IND approval for the phase II clinical trial of Utidelone Injection for lung cancer brain metastasis from the NMPA in September 2024.

Utidelone Capsule

- We obtained an ODD approval from the FDA for Utidelone Capsule in the treatment of gastric cancer in March 2024.
- We commenced phase II clinical trials of Utidelone Capsule monotherapy for the treatment of advanced ovarian and liver cancers in China in July 2024 and expect to complete the FPI in the fourth quarter of 2024.
- We submitted pre-IND applications for a phase II-III MRCT of Utidelone Capsule for advanced gastric and esophageal cancers in September 2024, and we expect to submit IND applications in the fourth quarter of 2024.

As of the Latest Practicable Date, we were granted six patents relating to the engineering bacteria, crystal structure, and oral dosage form of Utidelone globally since May 31, 2024.

The average monthly sales volume of Utidelone Injection remained relatively stable for the seven months ended July 31, 2023 and 2024. While we expect to maintain the momentum of revenue growth in 2024, we expect to continue recording a net loss for the year ended December 31, 2024, primarily because we expect to incur (i) R&D expenses as we continue to advance our clinical plans for product candidates; (ii) selling and distribution expenses as we continue enhancing our efforts in marketing, promotion and sales of our Core Product; and (iii) listing expenses in relation to the Listing.

IMPACT OF THE COVID-19 OR OTHER EPIDEMIC OUTBREAKS

During the Track Record Period, the outbreak of the COVID-19 pandemic in late 2019 materially and adversely affected the global economy. Our Directors are of the view that the COVID-19 pandemic caused impact on our business during the Track Record Period. Following the subsiding of COVID-19 pandemic in 2023, our operations have resumed to normal since February 2023. We cannot foresee whether COVID-19 or other epidemic will have a material adverse impact on our business going forward and we will closely monitor and evaluate any impact of such outbreak on us and adjust our precautionary measures responding to its developments. See "Financial Information — Impact of the Covid-19 Outbreaks."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since May 31, 2024, and up to the date of this prospectus; there has been no event since May 31, 2024, and up to the date of this prospectus, which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set forth below. Certain other terms are explained in "Glossary of Technical Terms."

"Accountants' Report"	the accountants' report 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"	the Accounting and Financial Reporting Council of Hong Kong
"AFRCO"	the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Articles of Association" or "Articles"	the articles of association of the Company approved and adopted on September 27, 2024 with effect from the Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix VI — Summary of Articles of Association" to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Beijing Baygen"	Beijing Baygen Technologies Ltd.* (北京北進緣科技有限公司), a foreign-invested limited liability company incorporated under the laws of the PRC on September 29, 2011, a member of our Single Largest Group of Shareholders
"Board" or "Board of Directors"	the board of Directors of the Company
"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 intermediaries as named in "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CDE"	the PRC Centre for Drug Evaluation
"Chengdu Biostar"	Chengdu Biostar Pharmaceuticals Co., Ltd.* (成都華昊中天藥業有限公司), a limited liability company established in the PRC on January 26, 2015, and a wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it 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", "our Company" or "the Company"	Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司), a joint stock company established in the PRC on May 8, 2021, or, where the context requires (as the case may be), its predecessor, Beijing Biostar Biotechnology Co., Ltd.* (北京華昊中天生物技術有限公司), a limited liability company established in the PRC on July 11, 2002
"Compliance Adviser"	Maxa Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"CSO(s)"	contract sales organization(s) of the Company
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules, and for the purpose of this prospectus, our core product refers to Utidelone Injection, with Utidelone being its active ingredient
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Non-Competition"	the deed of non-competition (不競爭契據) dated October 21, 2024 entered into by Dr. Tang Li and Dr. Qiu Rongguo in favor of our Company (for our Company and as trustee for each of our subsidiaries)
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions as announced by the Government of Hong Kong
"FDA"	the Food and Drug Administration of the United States
"FINI" or "Fast Interface for New Issuance"	an online platform operated by HKSCC that is mandatory 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"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company

"Frost & Sullivan Report"	the report commissioned by the Company and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview"
"General Rules of HKSCC"	the terms and conditions regulating the use of CCASS as may be amended or modified from time to time and where the context so permits, shall include the CCASS operational procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our", "our Group", "we" or "us"	the Company and its subsidiaries
"Guide for New Listing Applicants"	The Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and became effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing and permission to deal in on the Stock Exchange
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"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, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via 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 HKSCC
"HKSCC Operation Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	1,458,800 Shares (subject to reallocation as described in the section headed "Structure of the Global Offering") initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee), on and subject to the terms and conditions as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering"
"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 listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 22, 2024 relating to the Hong Kong Public Offering entered into by, among others, the Company, CCB International Capital Limited, China Securities (International) Corporate Finance Company Limited and the Hong Kong Underwriters, as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"independent third party(ies)"	entity(ies) or person(s) which, to the best of our Directors' knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules

"International Offer Shares"	13,129,200 H Shares (subject to reallocation) initially offered by the Company pursuant to the International Offering subject to adjustment as described in the section headed "Structure of the Global Offering"
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, on and subject to the terms and conditions of the International Underwriting Agreement, as described in the section headed "Structure of the Global Offering — The International Offering"
"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 expected to be entered into on or around the Price Determination Date by, among others, the Company, the Overall Coordinators and the International Underwriters, as described in the section headed "Underwriting — The International Offering"
"Joint Bookrunners"	The joint bookrunners as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Global Coordinators"	the joint global coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Lead Managers"	The joint lead managers as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Sponsors"	CCB International Capital Limited and China Securities (International) Corporate Finance Company Limited
"Latest Practicable Date"	October 14, 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 Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange

"Listing Date"	the date expected to be on or about Thursday, October 31, 2024, on which the H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules" or "Hong Kong 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
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"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 (中華人民共和國國家藥品監督管理局)
"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)
"NRDL"	the National Reimbursement Drug List of China
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for or purchased pursuant to the Global Offering, to be determined as described in the section headed "Structure of the Global Offering — Pricing of the Global Offering"
"Offer Share(s)"	the Hong Kong Offer Share(s) and the International Offer Share(s)
"Overall Coordinators"	CCB International Capital Limited and China Securities (International) Corporate Finance Company Limited

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PCT"	the Patent Cooperation Treaty
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, which was last amended on December 29, 2023 and became effective on July 1, 2024, as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC, including 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 IP Consultant"	Lung Tin Law Firm
"PRC Legal Advisor"	Beijing DeHeng Law Offices, our legal advisor as to PRC law
"Pre-IPO Investment(s)"	the investment(s) in the Company undertaken by the Pre-IPO Investors, the details of which are set out in "History, Development and Corporate Structure"
"Pre-IPO Investor(s)"	the investor(s) from whom the Company obtained several rounds of investments, the details of which are set out in "History, Development and Corporate Structure"
"Price Determination Agreement"	the date, expected to be on or around Tuesday, October 29, 2024 (Hong Kong time) on which the Offer Price is determined, or such later time as the Company, the Overall Coordinator (on behalf of the Underwriters) may agree, but in any event not later than Tuesday, October 29, 2024
"Property Valuation Report"	the text of a letter, the summary of values and valuation certificates from Asia-Pacific Consulting and Appraisal Limited, as set out in Appendix III to this Prospectus
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering

"Province"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Assessment Committee"	the remuneration and assessment committee of our Board
"Reporting Accountants"	KPMG
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAT"	the State Administration of Taxation of the PRC (中國國家税務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Series A Financing"	one of the Pre-IPO Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Group"
"Series B Financing"	one of the Pre-IPO Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Group"
"Series C Financing"	one of the Pre-IPO Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Group"

"Series D Financing"	one of the Pre-IPO Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Group"
"Series E Financing"	one of the Pre-IPO Investments in our Company, the details of which are set out in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Group"
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Single Largest Group of Shareholders"	refers to Dr. Tang Li, Dr. Qiu Rongguo, Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, the details of whom are set out in "Relationship with our Single Largest Group of Shareholders"
"Sophisticated Investor(s)"	has the meaning ascribed to it under Chapter 2.3 of the Guide for New Listing Applicants issued by the Stock Exchange
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the financial years ended December 31, 2022 and 2023 and the five months ended May 31, 2024
"Treatment Rate"	the ratio of patients receiving medication to the total patient population

"Trial Measures"	the Trial Administrative Measures for 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》), which was released by the CSRC and became effective on March 31, 2023
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Unlisted Foreign Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.0 each which is/are held by foreign investors and not listed on any stock exchange
"Unlisted Share(s)"	Domestic Shares and Unlisted Foreign Shares
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. IP Consultant"	King & Wood Mallesons
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"**White Form eIPO**"	the application for the 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
"Zhuhai Huajin"	Zhuhai Huajin Haoyuan Enterprise Management Partnership (Limited Partnership)* (珠海華錦昊緣企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on November 13, 2020, one of our employee incentive platforms and a member of our Single Largest Group of Shareholders

"Zhuhai Huaxin"	Zhuhai Huaxin Haoyuan Business Management Partnership (Limited Partnership)* (珠海華欣昊緣商業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on January 5, 2021, one of our employee incentive platforms and a member of our Single Largest Group of Shareholders
"Zhuhai Huarong"	Zhuhai Huarong Haoyuan Enterprise Management Partnership (Limited Partnership)* (珠海華蓉昊緣企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on March 9, 2022, one of our employee incentive platforms and a member of our Single Largest Group of Shareholders
"Zhuhai Jingrong"	Zhuhai Jingrong Haoyuan Investment Partnership (Limited Partnership)* (珠海京蓉昊緣投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on September 27, 2020, a member of our Single Largest Group of Shareholders
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this prospectus, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

This glossary contains definitions of certain technical terms used in this prospectus in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similar terms adopted by other companies.

"AC"	anthracycline and cyclophosphamide. Anthracycline is a class of chemotherapy drugs derived from streptomyces peucetius var. caesius. Cyclophosphamide is also a type of chemotherapy drug
"advanced breast cancer"	locally advanced and relapsed or metastatic breast cancers, encompassing stage IIIB and IIIC breast cancers that are initially inoperable without distant metastasis, as well as all stage IV breast cancers
"advanced esophageal cancer"	all stage IV esophageal cancers
"advanced gastric cancer"	all pathological stage IV gastric cancers, namely, metastatic gastric cancers
"advanced liver cancer"	all stage III and all stage IV liver cancers
"advanced non-small cell lung cancer"	stage IIIB, stage IIIC, and all stage IV non-small cell lung cancers, which normally cannot be cured through local therapies
"advanced ovarian cancer"	stage IIIB and IIIC and all stage IV ovarian cancers
"AKT"	a serine/threonine protein kinase with 3 isoforms (AKT1, AKT2 and AKT3) that participate in multiple pathways regulating several cellular processes, including survival, proliferation, tissue invasion, and metabolism
"Annals of Oncology"	an official Journal of the European Society for Medical Oncology and the official journal of the Japanese Society of Medical Oncology
"API"	active pharmaceutical ingredient, the substance in a pharmaceutical drug that is biologically active
"ASCO"	American Society of Clinical Oncology
"AUC"	area under curve, a parameter of systemic exposure

"BA"	bioavailability, the extent and rate at which the active moiety (drug or metabolite) enters systemic circulation, thereby accessing the site of action
"Bcl-2"	B-cell lymphoma 2, the founding member of the Bcl-2 family of regulator proteins that regulate cell death (apoptosis), by either inhibiting (anti-apoptotic) or inducing (pro-apoptotic) apoptosis
"BLA"	biologics license application
"capsule"	a solid dosage form created by encapsulating drugs in hollow hard capsules or sealing them in elastic soft capsules
"CD"	chemically-defined
"cGMP"	current good manufacturing practice, containing minimum requirements for the methods, facilities, and controls used in manufacturing, processing, and packing of a drug product. The regulations make sure that a product is safe for use, and that it has the ingredients and strength it claims to have
"chemical drug"	the active pharmaceutical ingredient and formulation that have a low molecular weight
"chemotherapeutic drug"	a drug for treating tumors that can target cancer cells throughout the patient's body, inhibiting or killing tumor cells at various stages of growth and reproduction
"CI"	Confidential Interval
"Class 1"	innovative drugs that have not been previously marketed in China or overseas, which refer to drugs that contain new compounds with clear structures and produce desired and expected pharmacological effects, and have clinical values
"Class 2"	modified new drugs that have not been marketed in China or overseas, which refer to drugs that have their structure, dosage form, formulation and process, route of administration and indications optimized on the basis of known active ingredients and have significant clinical advantages
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs

"Cmax"	maximum plasma concentration, a pharmacokinetic parameter that measures the highest concentration of a drug in the blood, cerebrospinal fluid, or target organ after a dose is given
"CMC"	chemistry, manufacture and control, also commonly referred to as process development, which covers the various procedures used to assess the physical and chemical characteristics of drug products, and to ensure their quality and consistency during manufacturing
"CNS"	central nervous system
"COVID-19"	Coronavirus Disease 2019
"CR"	complete response, the disappearance of all signs of cancer in response to treatment
"CRO"	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"	The Chinese Society of Clinical Oncology
"CTCAE"	Common Terminology Criteria for Adverse Events, a set of criteria for the standardized classification of adverse effects of drugs used in cancer therapy
"CTN"	Clinical Trial Notification
"CBR/DCR"	Clinical Benefit Rate/Disease Control Rate, the percentage of patients whose disease shrinks or remains stable over a certain time period
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose of that treatment in clinical trial
"dosage form" or "formulations"	the physical form of a dose used as a drug or medication intended for administration or consumption
"Drug Approval Number"	the approval number listed in the legal document issued by the State Drug Administration to authorize a drug manufacturer to be able to produce a certain variety of drugs
"EMA"	European Medicines Agency

"epothilone"	a class of macrocyclic lactone compounds first reported by G. Höfle and colleagues at the German National Biotechnology Center in 1993. The mechanism of action is akin to taxane drugs like paclitaxel, as they can bind to microtubule proteins, preventing smooth mitosis in cancer cells and inducing apoptosis in these cells
"ERK1/2"	extracellular signal-regulated protein kinase 1/2
"FAS"	Full Analysis Set
"first-line" or "1L"	with respect to any disease, the first line treatment, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"FPI"	first patient in
"GC"	Gastric Cancer
"GCP"	Good clinical practice
"generic drug"	a medication created to be the same as an already marketed brand-name drug in dosage form, safety, strength, route of administration, quality, performance characteristics, and intended use
"GLP"	Good laboratory practice
"GMP"	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of products
"GSP"	Good supply practice
"HER2-negative"	The IHC (Immunohistochemistry) test results for HER2 biomarker in tumor tissue samples show a result of IHC (-) or 1+
"HR"	hazard ratio, the ratio of the hazard rates corresponding to the conditions characterised by two distinct levels of a treatment variable of interest

"IC50"	concentration at half maximal inhibition, a measure of the potency of a substance in inhibiting a specific biological or biochemical function
"IND"	investigational new drug application
"injection"	sterile preparations for injection into the body, consisting of a solution, emulsion, or suspension of drugs in suitable solvents or dispersing media, and either ready for immediate use or in the form of powders or concentrated solutions to be reconstituted or diluted before administration
"innovative drug"	a medicine that contains an active substance or combination of active substances that has not been marketed in China and overseas
"*in vivo*"	Latin for "within the living", studies *in vivo* are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done *in vitro*
"*in vitro*"	Latin for "within the glass", studies using components of an organism that has been isolated from their usual biological surroundings
"KOL"	key opinion leaders, influencers and trusted persons who have expert product knowledge and influence in a respective field and are an important part of burgeoning industries and businesses in China, including biotech/pharmaceutical industries
"LD_{50}"	the amount of an ingested substance that kills 50 percent of a test sample
"MAH"	The drug R&D institutions and scientific research personnel may file drug clinical trial applications and drug marketing applications as drug registration applicants (hereinafter referred to as "applicants"), and the applicants that obtain drug marketing licenses and drug approval numbers are eligible as the holders of drug marketing licenses (hereinafter referred to as "holders")
"MDR"	Multidrug Resistance

"medicine"	a drug used to diagnose, cure, treat, or prevent disease
"microbial small molecule"	a molecule from microorganisms with a low molecular weight (≤ 1000 daltons)
"microtubule inhibitors"	a class of compounds that inhibit the function of cellular microtubules
"MRCT"	multi-regional clinical trial
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"myelosuppression"	a decrease in bone marrow activity, manifesting as neutropenia, leukopenia, and eosinopenia
"neoadjuvant"	a medical term typically used to describe the treatment given to patients before primary therapy. In the field of cancer treatment, neoadjuvant therapy/neoadjuvant treatment means a therapy administered before a main treatment to reduce the size of tumor to enhance the ease of tumor removal
"NACT"	neoadjuvant chemotherapy, a systemic therapy used before curative surgical treatment
"NCCN"	The National Comprehensive Cancer Network
"NDA"	new drug application
"NSCLC"	Non-small cell lung cancer
"OC"	Ovarian cancer
"ODD"	orphan drug designation
"original drugs"	drugs that have been firstly approved to be marketed in China and overseas
"ORR"	overall response rate, the proportion of patients who have a partial or complete response to therapy
"OS"	overall survival, defined as the time from treatment to death, regardless of disease recurrence

"OTC"	over-the-counter, a kind of drug that may be sold over the counter upon receiving the competent authority's approval at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
"PD"	progressive disease, refers to a at least 20% increase in the size of a tumor or in the extent of cancer in the body in response to treatment, according to RECIST
"PD-1"	programmed death-1, an immune checkpoint receptor expressed on T cells, B cells and macrophages, acting 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
"PFS"	progression-free survival, which is defined as the time from assignment in a clinical trial to disease progression or death from any cause
"P-glycoprotein"	the most well-known of the ABC transporters in which it plays a critical role in drug resistance in the treatment of cancers
"Pharmaceutical Product License"	a legal license issued by the State Drug Administration to authorize a drug manufacturer to produce a certain variety of drugs
"phase I clinical trial(s)"	a 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(s)"	a 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(s)"	a 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

"phase IV clinical trial(s)"	a new drug post-marketing study. The purposes are to assess therapeutic effectiveness and adverse reactions when a drug is widely used, to evaluate overall benefit-risk relationships of the drug when used among general population or specific groups, and to adjust the administration dose, etc.
"PPS"	Per-Protocol Set
"PR"	partial response, referring to an at least 30% but below 100% decrease in the size of a target tumor lesion or in the extent of cancer in the body in response to treatment, according to RECIST 1.1
"prescription drug"	a drug which may only be prescribed by qualified medical practitioners
"Re-registration"	The valid term of a drug approval number, import drug license and pharmaceutical product license issued by the drug regulatory department under the state council is five years. To continue its drug production or importation, the applicant shall submit a re-registration application six months prior to the expiry sate
"Rx"	the symbol for a medical prescription; it is derived from the Latin word recipe or "recipere" that means "to take"
"R&D"	research and development
"SAE"	serious adverse events, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/ birth defect, or requires intervention to prevent permanent impairment or damage
"SD"	stable disease, in oncology, indicating a cancer that is neither decreasing at least 30% nor increasing at least 20% in the size of a target tumor lesion or in the extent of cancer in the body in response to treatment
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are given when initial treatments (first-line therapy) do not work, or stop working

"sequential therapy"	a method initially uses a specific drug in a particular manner, and then switches to another specific drug and method of administration when there are changes in the control of the disease
"SS"	Safety analysis set
"T cell"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"tablet"	solid dosage forms made by blending and compressing powdered drugs with suitable excipients or using other appropriate methods, resulting in round or irregular-shaped tablets
"targeted drugs"	intervening with drugs targeting relatively specific points in tumors to inhibit their growth and proliferation
"The Lancet Oncology"	the world-leading clinical oncology journal publishing high-quality, peer reviewed original research (especially reports from clinical trials), reviews, comment and opinion
"third-line" or "3L"	with respect to any disease, the therapy or therapies that are given when both initial treatment (first-line therapy) and subsequent treatment (second-line therapy) do not work, or stop working
"toxicological evaluation"	a method of identifying and elucidating the toxicity and potential hazards of a substance through *in vitro* experiments, animal testing, and population observation
"TRAE"	treatment-related adverse event, undesirable events not present prior to medical treatment or an already present event that worsens in intensity or frequency following the treatment
"treatment naïve"	treatment-naïve patients, individuals who have received no prior cancer therapy for specific cancers

"TTP"	time to tumor progression, the length of time from the date of diagnosis of the tumor or the start of treatment until the disease starts to get worse or spread to other parts of the body. In a clinical trial, measuring the TTP is one way to see how well a new treatment works
"two-invoice system"	an important policy implemented in the circulation of medicines in China since 2016, which means that the production enterprises will issue invoices to the circulation enterprises once, and the circulation enterprises will issue invoices to the medical institutions once
"VBP"	a procurement method in which the State organizes centralized procurement of medicines, determines the winning price of the medicines and the supplying enterprises through bidding and competitive bidding, and concludes the procurement contract

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of Proceeds." You are strongly cautioned that these statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors", which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition and performance;
- our future debt levels and capital expenditure plan;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our drug candidates;
- our ability to commercialize our approved products in a timely manner;
- future developments, trends and conditions in the industries and market in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the political and regulatory environment in the industries and markets in which we operate;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends, including those pertaining to the PRC and the industry and markets in which we operate;

- capital market developments; and
- changes on the fair valuation of our assets.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in "Risk Factors".

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this prospectus, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this prospectus. Any of these intentions may change in light of future development.

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, results of operations and prospects. In any such case, the market price of our H Shares could decline, and you may lose all or part 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" in this prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our reliance on third parties; (iii) risks relating to our intellectual property rights; (iv) risks relating to our financial position and need for additional capital; (v) other risks relating to our operations; (vi) risks relating to government regulations; (vii) risks relating to conduct business in China; and (viii) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, results of operations and prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS

The Utidelone Injection for advanced breast cancer, as a marketed product, will continue to be the primary source of our revenue and profits in recent times, limiting our Company's profitability to a single product. Significant adverse changes in the market environment for Utidelone Injection or unexpected delays in the expansion of our indications and the development of our formulations could have an adverse impact on our business performance.

Currently, we primarily rely on a single active pharmaceutical ingredient, Utidelone, in the development and commercialization of our Core Product and some of our product candidates. Our product Utidelone Injection has been successfully approved for the treatment of advanced breast cancer in the domestic market, and the R&D projects which have entered or will soon enter into the clinical trial stage are mainly the expansion of the indications of Utidelone Injection and the R&D of new formulations in the domestic and overseas markets. Apart from that, our other products under R&D are all in the preclinical research stage, and it will take some time before the products are approved for commercialization. In addition, the majority of our product candidates with different targets and mechanisms of action such as BG22, BG18 and BG14 as active pharmaceutical ingredients are in early development stages. As such, Utidelone Injection will remain as our

Company's Core Product in recent times. Our future operating income may, among other things, depend on the expansion of the indications of Utidelone Injection and development of new formulations and whether and when they would be approved for commercialization and the sales of such indications and formulations once launched. Hence, if the expansion of the indications of Utidelone Injection and the development of new formulations do not progress as expected, that may adversely affect our business performance.

The addressable market penetration of our marketed product, Utidelone Injection for advanced breast cancer, might be limited.

Our marketed product is primarily a treatment for advanced breast cancer, which is an innovative drug in oncology and has a limited market penetration. If our marketed product fails to achieve widespread adoption, it could constrain our operational outcomes and profitability potential, leading to higher operational costs per unit sold and narrower profit margins. This, in turn, could restrict our investment in further product development. In 2023, the market size for the treatment of breast cancer amounted to RMB59.5 billion in China, according to Frost & Sullivan. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our revenue was RMB32.8 million, RMB66.6 million and RMB28.6 million, respectively. The limited market penetration of our Core Product combined with potential competition from existing products and product candidates, may adversely affect our business performance, profitability, and competitive position.

The limited market penetration of our marketed product, Utidelone Injection for advanced breast cancer, may place considerable constraints on our operational outcomes and profitability potential. Additionally, the limited market penetration restricts our capacity for scale, which might lead to relatively higher operational costs per unit sold, further squeezing profit margins. A smaller profit margins could also limit our investment in further product development. If these factors play out, they may adversely affect our overall business performance and results of operations.

Our commercialized drugs may face uncertainties from national, provincial or other third-party drug reimbursement practices and drug pricing policies or regulations, which could adversely affect our business.

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 other jurisdictions. In China and certain markets outside China, the pricing of drugs and biologics is subject to governmental management, which can take considerable time even after obtaining regulatory approval. Thus, our ability to successfully commercialize any approved drug candidates 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 relevant 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 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 NRDL. The NRDL determines a pharmaceutical product's reimbursable amounts for program participants under the National Medical Insurance Program, or 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 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. The products included in the NRDL are typically generic and essential drugs, while innovative drugs similar to our drug candidates have historically been heightened scrutiny on their inclusion therein due to the affordability of the government's Basic Medical Insurance Program. In addition, the PRC government has implemented significant reforms in the pharmaceutical industry in recent years and may enforce additional measures in the future, which may adversely affect our pricing strategy for our pharmaceutical products.

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 are uncertain. 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. Because some of our drug candidates may have a higher cost of goods than conventional therapies, and may require long-term follow-up evaluations, the coverage and reimbursement rates may be inadequate for us to achieve profitability.

Increasingly, third-party payers are requiring that biopharmaceutical companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. In such circumstances, 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. Obtaining or maintaining reimbursement for our future approved drug candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. 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 have successfully developed.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved 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 coverage and 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.

Our drug candidates and future drugs 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 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 country to country. Some countries require approvals of the sale price of a drug before marketing. In many countries, the pricing review period commences after marketing or licensing approvals are granted. In some markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approvals are granted. As a result, we might obtain regulatory approvals for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact the revenues we are able to generate from the sale of the drug in that country. Uncertain pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approvals. For example, according to a statement, Opinions of the State Council on Reforming the Review and Approval System for Pharmaceutical Products and Medical Devices (《國務院關於改革藥品醫療器械審評審批制度的意見》), issued by the PRC State Council in August 2015, the enterprises applying for new drug approval will be required to undertake that the selling price of a new drug in the PRC market shall not be higher than the comparable market prices of the product in its country of origin or PRC's neighboring markets, as applicable.

The successful commercialization of our drugs also depends on the extent to which reimbursement for these drugs and related treatments will be available from relevant health administrative authorities, private health insurers and other organizations. Government authorities and third-party payers, such as private health insurers and healthcare organizations, decide which medications they will pay for and stipulate reimbursement levels. With the trend of cost containment in the global healthcare industry, government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. There are an increasing number of third-party payers requiring companies to provide

them with predetermined discounts from list prices and challenging the prices charged for medical products. There can be no assurance as to whether or to what extent reimbursement will be available for any drug we commercialize. Reimbursement may impact the demand for, or the price of, any drug for which we obtain regulatory approvals. Obtaining reimbursement for our drugs may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a doctor. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we have developed.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the indications and purposes for which the drug candidates are approved 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 be subject to change. 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 drugs with lower cost that have been covered in reimbursement policies, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by governmental healthcare programs or private payers and by any future lift or relaxation of laws and regulations that presently restrict imports of drugs from countries where they may be sold at lower prices than in the jurisdictions in which we operate or have a presence. Our inability to promptly obtain coverage and 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, financial condition, results of operations and prospects.

Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage product candidates, and we may be unable to successfully complete the clinical development, obtain relevant regulatory approvals or achieve their commercialization, or we may experience significant delays in doing so.

Our ability to generate revenue and realize profitability depends on the successful completion of the development of our product candidates, obtaining necessary regulatory approvals, and manufacturing and commercializing our product candidates, which is contingent upon various factors. Such factors may include:

- successful completion of pre-clinical studies, as well as enrollment in and completion of clinical trials, and favorable safety and efficacy data meeting the clinical trial endpoints therefrom;
- receipt of regulatory approvals;
- maintain and guarantee our commercial manufacturing capabilities;
- performance by CROs or other third parties of their duties to us in the manner that complies with our trial protocols and applicable laws and that protects the integrity of the resulting data;

- obtaining, maintaining, protecting and enforcing patents, trade secrets and other intellectual property and proprietary protection and regulatory exclusivity, and ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property and proprietary rights of third parties;
- successfully launching commercial sales;
- obtaining and/or maintaining favorable governmental and private medical financial supporting;
- efficiently and cost-effectively establishing and enhancing our marketing and distributing capabilities;
- competition with other products and product candidates; and
- continued acceptable safety profile following regulatory approval.

While we have invested a significant portion of our efforts and financial resources in the development, regulatory approval and commercialization of our existing product candidates, and expect to continue doing the same, we may not be able to achieve one or more of the foregoing factors in a timely manner or at all. As a result, we could experience significant delays or inability in obtaining approval for and/or successful commercialization of our product candidates, which would render us unable to achieve our milestones as planned and materially harm our product development prospects.

We face competition from existing products and product candidates. Our competitors may discover, develop or commercialize competing drugs earlier or more successfully than we do. If we fail to effectively compete with our competitors, our competitive position in our target markets may be undermined; Our drug candidates, if and when approved, may fail to be commercially successful and our business, financial condition, results of operations and prospects could be adversely affected.

Our Company is an innovative pharmaceutical company focused on the oncology therapeutic area. The development and commercialization of innovative drugs are highly competitive and subject to rapid technological change. Our Company faces competition from global biopharmaceutical companies, some of which have the potential to develop innovative drugs that are significantly superior to existing marketed drugs in terms of efficacy and safety.

Our Core Product, Utidelone Injection, is a chemotherapy drug with an approved indication for relapsed or metastatic breast cancer patients who have progressed after at least one anthracycline- or taxane-containing chemotherapy regimen. Many of the companies against which we are competing or we may compete in the future have significantly greater financial, technical and human resources and expertise in R&D, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do.

Our commercial opportunities may deteriorate if our competitors develop and commercialize drugs that are safer, more effective, more convenient, or less expensive than the drugs that we may develop or commercialize. Our competitors may also obtain approval from the NMPA, the FDA, or other comparable regulatory authorities for their drugs more quickly than we do, which could result in our competitors establishing a stronger market position. This may render our drug candidates obsolete or less competitive before we can recover the expenses of developing and commercializing our drug candidates.

We may not be able to identify or discover new drug candidates, or to identify additional therapeutic opportunities for our drug candidates.

Apart from the continued clinical testing, potential approvals and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to identify or discover additional drug candidates.

There can be no assurance that we will be successful in identifying new drug candidates in the future. Some drug candidates may be technically challenging for us to develop and manufacture. Drug candidates that we identify may at a later stage show side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approvals. We have also pursued, and may continue to pursue, collaboration with third parties in the discovery and development of potential drug candidates, including through co-development and licensing arrangements. However, there can be no assurance that such collaboration will deliver the expected results.

We invest substantial human and capital resources in R&D to develop our drug candidates and enhance our technologies, and may allocate our limited human and capital resources to pursue a particular drug candidate, formulation or indication and fail to capitalize on other drug candidates, formulations or indications, but we cannot guarantee that such efforts will lead to successful outcomes.

The global biopharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. Research programs to identify new drug candidates, and new formulations and to develop our drug candidates for additional indications require substantial technical, financial and human resources. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our costs and expenses in relation to R&D activities, which represented our R&D expenses, were RMB82.7 million, RMB126.5 million and RMB43.8 million, respectively. We intend to continue to strengthen our technical capabilities in the development and manufacture of our drug candidates, which requires substantial capital and time. We cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, or obtain sufficient or any patent or other intellectual property protection for such new or enhanced products in a timely and cost-effective manner. 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.

Simultaneously, as we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for selected indications. As a result, we may forgo or delay the 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 R&D programs and drug candidates for selected indications may not yield any commercially viable products. Furthermore, 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 licensing, collaboration or royalty arrangements in cases where it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may over-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. Any of the foregoing events will have an adverse effect on our business, results of operations and prospects.

Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and results of earlier studies and trials may not be predictive of future trial results.

Research programs to discover new drug candidates, develop new formulations or pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources. Clinical testing is expensive and can take years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including genetic differences, patient adherence to the dosing regimen, other trial protocol elements and the rate of dropout among clinical trial participants. Moreover, a number of factors could affect the relevant clinical results and could render cross-trial comparison results less meaningful, including the different patient enrollment standards adopted in different trials, dose regimen, and the other aspects of clinical trial design. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. A number of companies in the pharmaceutical industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding positive results in earlier trials. Our future clinical trial results may thus not be favorable, which may materially and adversely affect our business, results of operations and prospects.

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

The timely completion of clinical trials depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We did not encounter material difficulties in enrolling suitable subjects in our clinical trials during the Track Record Period. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. For example, patient eligibility criteria defined in the protocols could be strict and it might increase the chances that we are not able to recruit and retain suitable patients for our clinical trials. Our clinical trials may compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. 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, which could prevent completion of these trials and adversely affect our ability to advance the development of our drug candidates.

Adverse events 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 label, or result in significant negative consequences following any regulatory approval.

Adverse events caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the regulatory authority. Results of our clinical trials could reveal a high and unacceptable seriousness or prevalence of adverse events. In such event, our clinical trials could be suspended or terminated and the relevant regulatory authority could order us to cease further development of, or deny approval of, our product candidates for any or all targeted diseases. Adverse events related to our product candidates could affect subject recruitment or the ability of enrolled subjects to complete the trial and could result in potential product liability claims.

Additionally, if one or more of our product candidates receive regulatory approval, and we or others later identify undesirable adverse events caused by such products, a number of potentially significant negative consequences could result, including the following:

- regulatory authorities could interrupt, delay or halt pending clinical trials;
- we may suspend, delay or alter the development or marketing of our drug candidates;
- regulatory authorities may order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications if results of our trials reveal a high and unacceptable severity or prevalence of certain adverse events;
- regulatory authorities may delay or deny approval of our drug candidates;

- regulatory authorities may withdraw approvals or revoke licenses of an approved drug candidate, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label of an approved drug candidate or impose other limitations on an approved drug candidate;
- we may be required to develop a risk evaluation mitigation strategy for the drug candidate, or, if one is already in place, to incorporate additional requirements under the risk evaluation mitigation strategy, or to develop a similar strategy as required by a comparable regulatory authority;
- we may be required to conduct post-market studies;
- we could be subject to litigation proceedings and held liable for harm caused to patients exposed to or taking our drug candidates;
- 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; and
- the costs of clinical trials of our drug candidates may be substantially higher than anticipated.

We may seek approvals from the NMPA, the FDA or other comparable regulatory authorities to use data from registrational trials via accelerated approval pathways for our drug candidates. If we are not able to use such pathways, we may be required to conduct additional clinical trials beyond those that we contemplate, which would increase the expense of obtaining, and delay the receipt of, necessary marketing approvals, if we receive them at all.

The NMPA, FDA and comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial and grant accelerated approval to a drug candidate that provides meaningful therapeutic benefit over available therapies, for treatment of a serious or life-threatening condition. The determination is made based on a finding that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. For instance, the FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that is considered reasonably likely to predict the clinical benefit of a drug, such as an effect on irreversible morbidity or mortality. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public

health perspective. Prior to seeking such accelerated approval, we will continue to seek feedback from the NMPA, FDA and otherwise evaluate our ability to seek and receive such accelerated approval.

There can be no assurance that in the future, regulatory authorities will agree with our surrogate endpoints or intermediate clinical endpoints, or that we will decide to pursue or submit any NDAs, or other comparable applications, for accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that, after feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, for any submission of an application for accelerated approval or application under another expedited regulatory designation, there can be no assurance that such submission or application will be accepted for filing or that any expedited development, review or approval will be granted on a timely basis, or at all. Failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidates, would result in a longer time period for commercialization of such drug candidates, could increase the cost of development of such drug candidates, and could harm our competitive position in the marketplace. Even if we obtain accelerated approval of a drug candidate based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcomes trial to confirm the clinical benefit of the drug candidate and, if the post-approval trial is not successful, we may not be able to continue marketing the drug for the relevant indication. 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 that 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.

Manufacturing our products is a highly sophisticated and complex process, and our business could be materially and adversely affected if we encounter problems in manufacturing our existing products and future product candidates.

Manufacturing of our products is highly complex. Problems may arise during manufacturing for a variety of reasons. Products with quality issues may have to be discarded, resulting in product shortages or additional expenses. This could lead to, among other things, increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the causes and, depending on the specific cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

Manufacturing methods and formulations are sometimes altered through the development of product candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause the product candidates to perform

differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of product candidates and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in product approvals and jeopardize our ability to commence product sales and generate revenue.

We may also encounter problems with achieving adequate or clinical-grade products that meet the NMPA or other comparable regulatory agency standards or specifications, maintaining consistent and acceptable production costs. We may also experience shortages of qualified personnel, raw materials or key contractors, and experience unexpected damage to our facilities or equipment. In these cases, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our products 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 facilities.

In addition, the quality of our products, including product candidates manufactured by us for R&D purposes and, products manufactured by us for commercial use, 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 our manufacturing facilities, the quality and reliability of equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, there can be no assurance that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products unsuitable for use, or not in compliance with the relevant requirements of the GMP and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

Uncertainties in our commercial promotion and indication expansion may impact our sales volume, resulting in increased production capacity not being digested in time, which could adversely affect our business.

The current capacity of the phase I manufacturing facility enables us to produce 500,000 vials of Utidelone Injection per year. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, the utilization rate of the phase I manufacturing facility was 5.5%, 39.4% and nil, respectively, and we warehoused 20,975 vials, 107,608 vials and 88,745 vials of Utidelone Injection, respectively, while our sales volume was 18,483 vials, 90,021 vials and 38,577 vials for the corresponding period. As of May 31, 2024, we had approximately 80 thousand vials of Utidelone Injection in stock, comprising (i) approximately 54 thousand vials for sales and clinical trials (the "**5ml Utidelone Injection**"). As of the Latest Practicable Date, approximately 36 thousand vials, or 66.7% of the 5ml Utidelone Injection had been sold or dispensed in clinical trials (other than the phase III clinical trials for the treatment of NSCLC). The remaining approximately 18 thousand vials of the 5ml Utidelone Injection are anticipated to reach the expiration date in June

2025, and we expect to sell or dispense them by the second half of 2024; and (ii) approximately 26 thousand vials of the 3ml Utidelone Injection, which were mainly produced for phase III clinical trials for the treatment of NSCLC and for the application to NMPA for the alteration of vial capacity. As of December 31, 2022 and 2023 and May 31, 2024, our balance of inventories was RMB31.1 million, RMB27.3 million and RMB31.2 million, respectively; our inventory turnover days for the year ended December 31, 2022 and 2023 and the five months ended May 31, 2024 were 1,098 days, 538 days and 1,040 days, respectively. We manage the inventory level by analyzing historical sales data to develop effective purchasing and production plans to optimize inventory management and align purchase and production amount with expected customer demand. If we fail to sell or dispense the stocks within the shelf life, or if we fail to maintain an optimized inventory level, we may experience an increase in our inventory holding costs, risk of inventory obsolescence or write-offs.

We plan to expand our production capacity by establishing a production line for Utidelone Capsule in the phase I manufacturing facility and developing the phase II manufacturing facility, which is expected to be operated in 2025. We expect the total production capacity of our manufacturing facility to reach at least 1.0 million vials of Utidelone Injection and at least 2.0 million capsules of Utidelone Capsule per annum in 2025. However, our Company's commercial promotion and the expansion of indications are still facing many uncertainties, and we may not maintain the momentum in the revenue growth in future, which is affected by various factors including the effectiveness of our promotion activities and industry-related policies, among others. In the fourth quarter of 2023, we experienced a slowdown in the sales of Utidelone Injection primarily due to a decrease in the number of conferences and lectures conducted in the third quarter of 2023 resulting from the enhanced healthcare anti-corruption measures in the medical filed adopted by the government. If such measures were further sustained, we and physicians would continue being vigilant in organizing and attending the conferences and lectures, thus affecting the implementation of our promotion schedule as planned and ultimately slowing down our revenue growth as expected. As such, there is no assurance that our future sales volume will be in line with our expectations, and our increased production capacity may not be utilized in a timely and effective manner, which could adversely affect our business.

Delays in commencing and completing construction of, and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

We have built manufacturing facilities in Chengdu, China and will continue to invest in such facilities. These facilities may encounter unanticipated delays and expenses due to a number of factors, including regulatory requirements. If construction, regulatory evaluation and/or approval of our new facility is delayed, we may not be able to manufacture sufficient quantities of our product candidates, if approved, which would limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with constructing or maintaining our facilities could require us to raise additional funds from other sources.

Our manufacturing facilities may be subject to ongoing, periodic inspection by the NMPA or other comparable regulatory agencies to ensure compliance with GMP. Our failure to follow and document our adherence to such GMP regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use; and may result in the termination of or a hold on a clinical trial; or may delay or prevent filing or approval of marketing applications for our product candidates or the commercialization of our products, if approved. Meanwhile, our future production facilities for expanding our global marketing will need to comply with cGMP regulations and may be subject to unannounced inspections and ongoing periodic inspections to maintain compliance.

To produce our product candidates in the quantities that we believe will be required to meet anticipated market demand of our product candidates if approved, we may need to increase, or "scale up," the production process by a significant factor over the initial level of production. If we are unable to do so, are delayed, or if the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to produce our product candidates in a sufficient quantity to meet future demand.

If our manufacturing facilities or the equipment in them 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 facilities 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 product candidates 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 product candidates. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our product candidates in a timely manner could materially and adversely our business, financial condition and operating results.

The future commercial success of our drug candidates will depend on the degree of their market acceptance among physicians, patients and others in the medical community.

Even if our drug candidates receive the requisite regulatory approval, they may fail to gain sufficient market acceptance by physicians, patients, third-party payers and other relevant parties in the medical community. If our drug candidates do not achieve an adequate level of acceptance, we may not generate sufficient revenue from sales of our drugs and we may not become profitable. The degree of market acceptance of our drug candidates will depend on a number of factors, including but not limited to:

- the clinical indications for which our drug candidates are approved;
- physicians' 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 the NMPA, the FDA or other applicable regulatory authorities;
- limitations or warnings contained in the labeling approved by the NMPA, the FDA or other applicable regulatory authorities;
- the timing of market introduction of our drug candidates as well as competing drugs;
- the cost of treatment in relation to alternative treatments;
- the amount of upfront costs or training required for physicians to administer our drug candidates;
- the availability of adequate coverage and reimbursement by 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;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

Even if our drugs achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our drugs, are more cost effective or render our drugs obsolete. 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 actual scale of market sales of our product candidates may be smaller than we anticipate, which could render some product candidates ultimately unprofitable even if commercialized.

Our spending on current and future R&D programs and product candidates for specific indications may not yield any commercially viable products, since the market opportunities for our product candidates may be smaller than we anticipate. The total addressable market opportunity will depend on, among other things, acceptance of the product by the medical community and patient access, product pricing and reimbursement. Moreover, the number of patients in the addressable markets may turn out to be lower than expected, patients may not be amenable to treatment with our products, or new patients may become increasingly difficult to identify or access. Further, new studies may change the estimated incidence or prevalence of the diseases that our product candidates target. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations.

We rely on our sales and marketing teams and third parties to promote our products. Failure to attract and retain a sufficient number of marketing, promotion and sales professionals or execute an effective sales and marketing strategy may make us unable to maintain sufficient marketing and sales capabilities, or to effectively build and manage our sales network, and we may not be able to generate product sales as planned.

We rely on our sales and marketing teams and third parties to increase the sales of our products, achieve broader market acceptance, and maintain sustainable relationships with existing and potential distributors and customers, which will depend to a significant extent on the successful execution of effective sales and marketing strategy. However, we cannot assure you that we will be able to attract, motivate and retain qualified and professional employees with requisite expertise and communicate with them effectively.

We are planning to develop our own commercialization team and network, with an initial focus on top tertiary hospitals in first and second tier cities in key provinces. Sales efforts of pharmaceutical products necessitate our sales and marketing force to possess a relatively high level of technical knowledge, up-to-date understanding of industry trends, necessary expertise in the relevant therapeutic areas and products, as well as sufficient promotion and communication skills. However, there is no assurance that there will be a sufficient amount of competent sales professional with the relevant disease knowledge, academic KOLs or doctor networks available in the market. As a result, if we are unable to effectively recruit and train our in-house sales representatives or monitor and evaluate their academic marketing performances, our sales and marketing may be less successful than desired. When the competition for experienced marketing, promotion and sales personnel becomes intense, we may be unable to attract, motivate and retain a sufficient number of marketing, promotion and sales professionals. Consequentially, sales volume of our products may be adversely affected and we may be unable to expand our hospital coverage or increase our market penetration as contemplated.

If patients fail to adhere to our recommended methods for continuous dosing, combination therapy, or pre-treatment during the treatment process, it may result in suboptimal therapeutic outcomes and, consequently, lead to lower-than-expected sales.

The choice of medication and therapeutic effect of patients are affected by many factors. If patients fail to follow the recommended use of continuous dosing, co-administration or pre-treatment during the course of treatment, the therapeutic effect may not be as expected, which may in turn lead to lower-than-expected sales, and there is a risk of patients' ease of use of medication.

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 (including IITs). If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, or experience delay in doing any of the foregoing, and our business could be substantially harmed.

We have worked with and plan to continue to work with third-party CROs to monitor and manage data for our ongoing pre-clinical and clinical programs. We work with these parties to execute our pre-clinical 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 does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with the Administrative Regulations of Good Clinical Practice for Drug Trial (《藥物臨床試驗質量管理規範》) (the "**GCP**"). 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, the FDA, or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under GMP regulations. 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 or in a timely manner. 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 clinical and non-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators 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.

We depend on our suppliers to provide a stable and adequate supply of quality materials, manufacturing equipments for our drug development and manufacturing needs. Any interruptions of, or significant price increases in such supply could adversely affect our business.

During the Track Record Period, we relied on suppliers to supply certain raw materials and products used in our R&D. We expect to continue to rely on suppliers to supply raw materials for the research, development and commercialization of our drug candidates.

Any disruption in production or the inability of our suppliers to provide adequate quantities to meet our needs could impair our operations and the R&D of our drug candidates. Moreover, we expect our demand for such raw materials and products to increase as we expand our business scale and commercialize our drug candidates, but there is no assurance that current suppliers have the capacity to meet our demand. We are also exposed to the possibility of increased costs, which we may not be able to pass on to customers and as a result, lower our profitability. In addition, there might be unidentified quality issues with such raw materials and products before using them in the manufacturing process.

We cannot assure you that these suppliers will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the raw materials and products supplied to us, and cause delays in clinical trials and regulatory filings or even recall of our products. The non-compliance of these suppliers may also subject us to potential product liability claims, result in our failure to comply with the continuing regulatory requirements, and cause us to incur significant costs, which may have a material and adverse effect on our business, financial condition and results of operations.

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

We may collaborate or enter into licensing arrangements or may seek strategic alliances, joint ventures or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, or disrupt our management and business. We had not entered into any licensing arrangements during the Track Record Period and up to the Latest Practicable Date.

Our strategic collaboration with partners involves numerous risks. We may not achieve the revenue and cost synergies expected from the transaction. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated timeframe. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to maintain or establish a strategic partnership or other alternative arrangements for our product 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 product 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 product candidate, we may be required to relinquish some or all of the control over the future success of that product candidate to the third party. For any product candidates that we may seek to in-license from third parties, we may face significant competition from other companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

Disputes may arise between us and our collaboration partners. Such disputes may cause delay or termination of the research, development or commercialization of our product candidates, or may result in costly litigation or arbitration that diverts management attention and resources. Global markets are an important component of our growth strategy. If we fail to obtain licenses or enter into collaboration arrangements with third parties in other markets, or if our third-party collaborator is not successful, our revenue-generating growth potential will be adversely affected.

We may fail to effectively manage our network of distributors. Actions taken by our distributors could materially and adversely affect our business, prospects and reputation.

Our ability to maintain and grow our business will depend on our ability to maintain an effective distribution channel that ensures the timely and effective delivery of our products to the relevant markets. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach the distribution agreements and the policies and measures we have in place to manage their distribution. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breaching the distribution agreements or our policies and measures;
- failing to maintain the requisite licenses, permits or approvals, or failure to comply with applicable regulatory requirements when selling our products; or
- violating anti-corruption, anti-bribery, competition or other laws and regulations of China or other jurisdictions.

Any violation or alleged violation by our distributors of the distribution agreements, our policies or any applicable laws and regulations could expose us to liabilities and monetary damages, a decrease in the market value of our brand and an unfavorable public perception about the quality of our products, resulting in a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain adequate intellectual property protection for our product candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could compete directly against us and our ability to successfully develop and commercialize any of our product candidates would be materially and adversely affected.

Our success depends in a large part on our ability to protect our proprietary technology and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technologies and product candidates that we consider commercially important by, among others, filing patent applications in the PRC, and other countries. However, applying for patent protection is an expensive and time-consuming process, and we may not be able to successfully file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We cannot assure you that our patent application will be approved eventually. In addition, we may however fail to identify patentable aspects of our R&D output before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

Specifically, patents may be invalidated and patent applications may not be granted not only because of known or unknown prior deficiencies in the patent applications, but also due to the lack of novelty or inventiveness of the underlying invention or technology. Although we enter into non-disclosure and confidentiality agreements or include such provisions in our relevant agreements with parties who have access to confidential or patentable aspects of our R&D output, any of these parties may breach such agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection.

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 report to the CNIPA, for confidentiality examination. Otherwise, if such application is later filed in China, the patent right will not be granted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Our current or any future patent applications may not be successful and any patent rights we or our licensing partners have may be challenged and invalidated even after issuance, which would materially adversely affect our ability to successfully commercialize any product or technology.

Our current and future owned and in-licensed patent applications may not result in the issuance of patents at all, and even if were granted patents, they may not be issued in a form, or with a scope of claims, 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. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, its scope can be reinterpreted after issuance and changes in either the patent laws or interpretation of the patent laws in China and other jurisdictions may diminish the value of our

patent rights or narrow the scope of our patent protection. Any patents that we own or in-licensed may be challenged, narrowed, circumvented or invalidated by third parties. We cannot predict whether the patent applications we or our licensing partners are currently pursuing and may pursue in the future will successfully result in the issuance of any patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

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 and other jurisdictions. Despite measures we or our licensing partners take to obtain patent protection with respect to our major product candidates and technologies, any of such issued patents could be challenged or invalidated. For example, if we or one of our licensors were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that our patent is invalid or unenforceable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, lack of sufficient 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 or in other jurisdictions, even outside the context of litigation. Such mechanisms include ex parties re-examination, inter parties 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 product 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.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submissions, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these 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 governmental patent agencies in several stages over the lifetime of a patent. The CNIPA, USPTO and various other governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and maintenance process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. 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. Noncompliance 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 become involved in lawsuits to protect or enforce our intellectual property or being sued for infringing, misappropriating or other violating the intellectual property rights of third parties, which could be expensive, time-consuming and unsuccessful.

Our commercial success depends upon our ability to develop, manufacture, market and sell our drug candidates without infringing, misappropriating or otherwise violating the intellectual property rights of others. The pharmaceutical industry is characterized by extensive litigation regarding patents and other intellectual property rights. We cannot guarantee that our drug candidates or any uses of our drug candidates do not and will not in the future infringe third-party patents or other intellectual property rights. It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our drug candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or manufacture of the compounds we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

Parties making infringement, misappropriation, or other intellectual property claims against us may obtain injunctive or other equitable relief, which could block our ability to further develop and commercialize one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and employee resources from our business. In addition, even if we believe any third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of validity, enforceability, priority, or non-infringement. A court of competent jurisdiction could hold that such third party patents are valid, enforceable, and infringed, which could materially and adversely affect our ability to commercialize any of our products or technologies covered by the asserted third-party patents.

In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property, and it could require us to make substantial licensing and royalty payments. Ultimately, we could be prevented from commercializing future approved drugs, or be forced, by court order or otherwise, to cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licenses

on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement, including treble damages and attorneys' fees if we are found to willfully infringe a third party's patent.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could be costly and time-consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated adverse impacts on our business.

Our owned patents and other intellectual property may be subject to further priority disputes or inventorship disputes and similar proceedings, and we or our collaboration partners may be unsuccessful in any of these proceedings, therefore requiring us to obtain licenses from third parties that may not be available on commercially reasonable terms or at all, or to cease the development, manufacture, and commercialization of one or more of the product candidates we may develop.

We or our collaboration partners may be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned patents or other intellectual property. If we or our collaboration partners are unsuccessful in any interference proceedings or other priority, inventorship or validity disputes to which we or they are subject, we may lose valuable intellectual property rights, such as loss of one or more patents or exclusive ownership, or our patent claims' being narrowed, invalidated, or held unenforceable. As a result, 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, in order to continue the development, manufacture and commercialization of one or more of our drug candidates. However, 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 modify or cease the development, manufacture, and commercialization of one or more of our drug candidates. 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.

We may also engage third-party contractors, including CROs, to assist us with the R&D of our drug candidates. There can be no assurance that such contractors will not transfer the drug candidates to other third parties without our permission. Such unauthorized transfer may also result in the loss or restriction of our intellectual property rights and therefore limit our ability to develop, manufacture and commercialize the drug candidates.

We may not be able to protect our intellectual property rights, or prevent unfair competition by third parties, throughout the world.

Filing, prosecuting, maintaining and defending patents on drug candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength than do those in some other countries. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of certain other countries. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing drugs made using our

inventions in and into certain jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in certain other countries. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biopharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us.

We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We primarily rely on a single active pharmaceutical ingredient, Utidelone, in the development and commercialization of our Core Product and most of our product candidates. Even if we are able to obtain patent protection for Utidelone and 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.

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 date on which the application was filed in the U.S. or, if, the application contained a specific reference to an earlier filed application or applications under 35 USC 120, 121 or 365(c), 20 years from the filing date of the earliest of such application. Even if we successfully obtain patent protection for Utidelone and a drug candidate, such drug candidate may face competition from generic or biosimilar medications once the patent has expired. As of the Latest Practicable Date, two of our patents had expired in 2023 and one patent had expired in 2024, which were related to the early foundation for the development of Utidelone. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office; thus, we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant drug candidate exclusively, which would have a material adverse effect on any potential sales of that drug candidate. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various

dates. 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. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing drugs and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

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 issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. We cannot assure you that any currently pending trademark applications or any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and may be unable to overcome such rejections. In addition, in proceedings before the CNIPA, the USPTO or 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 proceedings 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 and adversely affect our business. Moreover, as our products mature, 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 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 and adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able 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.

If we are unable to protect the confidentiality of our trade secrets and other confidential information, including unpatented know-how upon which we rely, our business and competitive position will be harmed. We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to claims asserting ownership of what we regard as our own intellectual property.

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 with parties that have access to trade secrets or confidential information, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisers and other third parties. 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. 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 may breach or violate the terms of any such agreements 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 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. In addition, some courts in China, the U.S. and other jurisdictions may be less willing or unwilling to recognize certain information as trade secrets to be protected. 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.

Furthermore, many of our employees, consultants, and advisers, 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, consultants, and advisers, including each member of our senior management, may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. We cannot assure you that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, and we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other

proprietary information, of any such individual's current or former employer. We may be subject to threatened or pending claims related to these matters or concerning the agreements with our senior management in the future. 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 materially and adversely affect 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, consultants and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements 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 with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement 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.

In addition, we may in the future be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar drug candidates or technology, without payment to us, or could limit the duration of the patent protection covering our drug candidates and technology. Such challenges may also result in our inability to develop, manufacture or commercialize our drug candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Changes in patent and other intellectual property laws of China, the U.S., or other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates and future drugs.

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 China, the U.S. or other 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.

In China, the recent amendment to the PRC Patent Law, amended in October 2020 and implemented in June 2021, introduced patent term compensation mechanism for eligible invention patents related to new drugs. The patents owned by third parties may be extended, which may in turn affect our ability to commercialize our products (if approved) without facing infringement risks. According to the PRC Patent Law, in order to compensate for the time used for the review and approval of new drugs for marketing, the patent administration department of the State Council shall, at the request of the patentee, provide patent term compensation for invention patents of new drugs approved for marketing in China. The patent term compensation may not exceed five years, and the total effective term of the patent after the new drug approved for marketing shall not exceed 14 years. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property related laws would not have a negative impact on our intellectual property protection.

Under the America Invents Act, the AIA, enacted in 2011, the U.S. moved to First Inventor To File 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.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We may need to obtain additional financing to fund our expansion of R&D and our operations, and we may not have access to sufficient funding.

Our business operations and the implementation of our strategies will require significant funding, including:

- actively promoting the R&D surrounding new indications and formulations of our Core Product, and strengthening our R&D efforts on a global scale;

- establishing GMP certified production workshops of global standards to meet the growing demand for our products in the global markets;
- enhancing our domestic commercial sales capability, and promoting the establishment of a global commercialization system; and
- expanding our talent pool to support future development.

In addition, many aspects of our general business operations have on-going funding requirements that may increase over time. While we expect that the implementation of our strategies and business plans will require us to rely in part on external financing sources, our ability to obtain additional capital on commercially reasonable terms is subject to a variety of factors, many of which are outside of our control, including our future financial condition, results of operations and cash flows, the global economic conditions, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we cannot do so successfully, our strategies and business plans will not be carried out as currently contemplated.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a negative effect on our financial performance.

We have established employee incentive platforms for the benefit of our core employees, Directors and senior management as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For further details, see "History, Development and Corporate Structure — Employee Incentive Platforms." For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we incurred equity-settled share-based payment expenses of RMB80.7 million, RMB44.4 million and RMB4.7 million, respectively.

To further incentivize our employees, we may incur additional share-based payment expenses in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional H Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

The R&D expenses for our ongoing products are expensed until new drug approval is obtained, which may have an adverse impact on our future performance.

During the Track Record Period, our Company invested a large amount of funds in pre-clinical research, clinical trials and pre-launch preparations for new drugs in its product pipeline. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our R&D expenses amounted to RMB82.7 million, RMB126.5 million and RMB43.8 million, respectively. As of the Latest Practicable Date, we had one commercialized product and 19 other pipeline product candidates, and multiple clinical trials were advancing. In the future, our Company will still need to continue to invest a large amount of R&D investment in research projects to complete pre-clinical research, pharmaceutical research, clinical trials and pre-launch preparation of

new drugs and other product pipeline R&D businesses. According to our Company's accounting policies, R&D of related drugs under research expenses will be expensed, which will result in large and increasing operating losses in the foreseeable future, which may have an adverse impact on our Company's future performance.

We recorded net losses and net operating cash outflows historically. We may continue to incur net losses and net operating cash outflows for the foreseeable future and may not achieve or maintain profitability in the future.

Investment in biopharmaceuticals is highly unpredictable in terms of commercial success. It entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We incurred losses and net operating cash outflows in each period since our inception. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we recorded loss for the year/period of RMB160.5 million, RMB189.6 million and RMB57.5 million, respectively. Substantially all of our operating losses have resulted from costs incurred in connection with our research and development programs and from administrative expenses associated with our operations. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue to expand our research and development of our product and product candidates, as well as to enhance our sales and marketing efforts.

We recorded net cash used in operating activities of RMB79.4 million, RMB149.3 million and RMB51.0 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, respectively. For a detailed operating cash flow analysis, please see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis — Net Cash Used in Operating Activities." Negative operating cash flow may require us to obtain additional financing to meet our financing needs and obligations and support our expansion plans. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. In the event that we are unable to generate sufficient cash flow from our operations or otherwise obtain sufficient external funds to finance our business, our liquidity and financial condition may be materially and adversely affected and we may not be able to expand our business as expected. If we encounter long-term and continuous net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial condition and results of operations may be materially and adversely affected.

We are exposed to changes in the fair value of financial assets measured at fair value through profit or loss ("FVPL") and valuation uncertainties.

As of December 31, 2022 and 2023 and May 31, 2024, our financial assets measured at fair value through profit or loss were RMB445.0 million, RMB235.6 million and RMB130.2 million, respectively. Our financial assets measured at FVPL represent wealth management products and structured deposits issued by various banks in the PRC with a floating return which will be paid together with the principal on the maturity date. We cannot assure you that we will generate fair

value gain or we may incur fair value loss with respect to our financial assets in the future as the fair value of such financial assets could be subject to factors out of our control such as the macroeconomic environment conditions.

For bank wealth management products held as of December 31, 2022 and 2023 and May 31, 2024, we measure them at the second level fair value. Among them, the fair value of wealth management products is determined with reference to the quotation published by the issuing bank; the fair value of structured deposits is determined by the expected return rate listed in the bank's announcement or the product prospectus. During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. Please refer to Note 26 to the Accountants' Report included in Appendix I to this prospectus.

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

Valuations of our properties as of August 31, 2024 prepared by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, are set forth in the Report set out as Appendix III to this Prospectus. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

OTHER RISKS RELATING TO OUR OPERATIONS

We do not have a controlling shareholder, and our equity ownership is widely dispersed. If, following our current listing, other shareholders increase their stakes with the aim of gaining significant influence or even acquiring control of us, it is not ruled out that this could lead to an unstable corporate governance structure, reduced efficiency in major operational decisions, and consequently, pose risks to our production, operation, and performance.

Our Company has no controlling shareholders and its shareholding structure is relatively dispersed. As of the Latest Practicable Date, Dr. Tang Li directly held approximately 1.03% issued share capital of our Company, whilst Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, all of which were controlled by Dr. Tang Li, held in aggregate approximately 28.44% of the issued share capital of our Company. Therefore, Dr. Tang Li, Dr. Qiu Rongguo (being spouse of Dr. Tang Li), Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, were in aggregate entitled to exercise approximately 29.47% (slightly lower than 30%) of the voting rights in our Company, and constitute our Single Largest Group of Shareholders. Immediately upon completion of the Global Offering, our Single Largest Group of Shareholders will hold approximately 28.29% of the total issued share capital of our Company, which is a relatively low shareholding ratio. If other Shareholders seek to exercise significant influence or even obtain control of our Company by increasing their shareholdings after our Company's current listing, it cannot be ruled out that this

may lead to instability in our Company's governance structure and reduced efficiency in major operational decision-making, which in turn may have the risk of adversely affecting our Company's production, operation and performance.

The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists and clinical and sales personnel could adversely affect our business.

Our commercial success depends significantly on the continued service of our senior management. For more details of our senior management, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus. The loss of any of our senior management could have a material adverse effect on our business and operations. The formal employment agreements with each of our executive officers may not prevent our executives from terminating their employment with us at any time.

We could experience difficulties attracting and retaining qualified employees in the future. Competition for qualified employees in the pharmaceutical industry is intense and the pool of qualified candidates is limited. We may not be able to retain the services of, or attract and retain, experienced senior management or key scientific and clinical personnel in the future. The departure of one or more of our senior management or key scientific and clinical 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 drug development progress and have a material adverse effect on our business and results of operations.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous pharmaceutical and biopharmaceutical companies for similar personnel. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. In addition, we may not be successful in training our professionals to keep pace with technological and regulatory standards. Any inability to attract, motivate, train or retain qualified scientists or other technical personnel may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

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

From time to time, to pursue our growth strategy, we may evaluate various acquisitions, joint ventures and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- 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;
- 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; and
- 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.

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 R&D 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, it is common in our industry for competitors to attract customers and recruit key employees away from companies during the

integration phase of an acquisition. 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 may become involved in lawsuits or other legal proceedings, which could adversely affect our business, financial conditions, results of operations and reputation.

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources. Furthermore, any litigations, legal disputes, claims or administrative proceedings that may initially not appear to be of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Additionally, 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. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material and adverse effect on our financial condition, results of operations or reputation.

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 the PRC, we have elected not to maintain certain types of insurance. Our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facilities 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.

We benefit from certain preferential tax treatments and government grants, and the expiration of or changes to these incentives or policies or our failure to satisfy any condition for these incentives would have an adverse effect on our results of operations.

We have historically benefited from government grants, subsidies and other preferential policies as incentives for our R&D and financing activities. We recognized government grants of RMB10.5 million, RMB4.6 million and RMB1.5 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, respectively. The government grants mainly included rewards we received from local governments for our application for the initial public offering and grants we received to encourage us for talent introduction and innovation. There were no unfulfilled conditions attaching to these government grants. We obtained our certificate of High and New Technology Enterprise on October 31, 2018 and renewed the certificate in December 2021, which allowed us to enjoy a preferential income tax of 15% from 2018 to 2023. Meanwhile, our subsidiary in the PRC also applied a preferential income tax rate of 15% for encouraged

industrial enterprises located in the western region during the Track Record Period. There is no assurance that we will continue to be qualified to enjoy the above-mentioned preferential tax treatments, or that such treatments will not change in the future, which may have a negative impact on our business, results of operations and financial condition. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, otherwise we may be deprived of all or part of the incentives, which may have an adverse effect on our business, financial performance and results of operations.

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

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including management, technical, R&D, sales and marketing, production, quality control and other personnel. 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 fulfill 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 pre-clinical 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, all of our workforce is employed in China where the average labor cost has been steadily increasing over the past years as a result of inflation, government-mandated wage increases and other changes in labor laws and local economics. In particular, further changes in the labor laws, rules and regulations may be promulgated by the PRC government in the future and our operations may be materially and 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.

Our business faces considerable risks from health epidemics, natural disasters, acts of war, and terrorism, which have historically disrupted operations and could significantly impact our financial stability and operational effectiveness in the future.

Our operations and business plans may be adversely affected by health epidemics, natural disasters, acts of war, terrorism, and other force majeure events. The COVID-19 pandemic and similar occurrences have previously disrupted various aspects of our operations, including clinical development, adversely impacting our business during the Track Record Period. Future events such as severe natural disasters, epidemics, or government responses to these crises could materially harm both the economy and our operations. Our operations are also vulnerable to floods, earthquakes, sandstorms, snowstorms, fires, droughts, resource shortages, system malfunctions, technical problems, and the potential impacts of wars or terrorist attacks. These disasters could result in loss of life, injury, destruction of assets, and significant disruption to our business.

Additionally, acts of war or terrorism could harm our employees, disrupt our business network, and destroy our markets. All these factors, beyond our control, could negatively impact the overall business environment, create uncertainties in the regions we operate, and have a substantial adverse effect on our business, financial conditions, and operational results. We cannot assure you that any future occurrence of these factors will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, principal investigators, consultants and commercial partners.

We may be exposed to fraud, bribery or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. 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. We may be unable to prevent, detect or deter all such instances of misconduct by our employees or third parties. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business, results of operations and reputation.

Any failure to comply with applicable regulations and industry standards or obtain or renew certain approvals, various licenses and permits could harm our reputation and our business, results of operations and prospects.

A number of governmental agencies or industry regulatory bodies in the PRC, the United States and other applicable jurisdictions impose strict rules, regulations and industry standards governing biopharmaceutical R&D activities, which apply to us. Our or our CROs' failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. This could harm our business, reputation, prospects for future work and results of operations. For example, if we or our CROs were to treat research animals inhumanely or in violation of international standards set out by the Association for Assessment and Accreditation of Laboratory Animal Care, it could revoke any such accreditation and the accuracy of our animal research data could be questioned.

Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or bear fines and penalties which could materially and adversely affect our business,

financial condition and results of operations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect results of operations and prospects.

We are subject to risks associated with leasing space.

As our leases expire, we may fail to obtain renewals, either on commercially acceptable terms or at all, which could compel us to close such offices or manufacturing facilities. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition.

Our internal information technology systems, or partners or other contractors or consultants, may fail or suffer security breaches, which may require us to expend additional resources to protect our information technology systems and could materially and adversely affect our business, financial condition, results of operations and prospects.

Despite the implementation of security measures, our information technology systems and those of our CROs, consultants and other business partners are vulnerable to damage from computer viruses, unauthorized access, cyber-attacks, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our R&D 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 were to 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.

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

Any negative publicity concerning us, our affiliates, our Shareholders, Directors, officers, employees and business partners, management, even if untrue, could adversely affect our reputation and business prospects. 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 and business partners were incompliant with any laws or regulations or became involved in lawsuits, disputes, or other legal proceedings or became subject to administrative measures, penalties or investigations by regulatory authorities, we may also suffer negative publicity or harm to our reputation. Any negative publicity regarding our industry could also affect our reputation and commercialization. In addition, any negative publicity about us could adversely affect our ability to maintain our existing collaboration arrangements or attract new collaboration partners, and we may not be able to diffuse such negative publicity to the satisfaction of our investors. 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 may be exposed to the risks of conducting business globally.

Overseas markets are an important component of our growth strategy. We plan to explore market opportunities overseas, where we believe there is substantial demand for our drug candidates, and we intend to identify and collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. We will also continue seeking licensing and co-development opportunities with global multinational companies, and expand our global clinical programs.

However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including but not limited to:

- efforts to enter into license and collaboration arrangements with third parties may increase our expenses or divert our management's attention from the development of drug candidates;
- political and economic instability as well as geopolitical tensions, including the threat of war or terrorist attacks (notably the Russia-Ukraine conflicts and the reaction of the international community, the consequences of which on the financial markets and the global business climate remain uncertain);
- differing regulatory requirements for drug approvals and marketing internationally;
- potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potentially reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements, and delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions;
- significant adverse changes in currency exchange rates;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad; and
- business interruptions resulting from geo-political actions, including war and acts of terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks may materially adversely affect our ability to attain or sustain revenue and profits from international markets.

RISKS RELATING TO GOVERNMENT REGULATIONS

All material aspects of the research, development, manufacturing and commercialization of our drug candidates are key concerns of the supervisory authorities and the related regulations are subject to change. Any failure to comply with existing regulations and industry standards or any adverse actions by the 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 intend to initially focus our activities in China while pursuing overseas opportunities, particularly in the U.S. The pharmaceutical and biopharmaceutical industries in these jurisdictions are subject to comprehensive government regulation and supervision, in particular, regulation of the development, approval, manufacturing, marketing, sales and distribution of 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 each of 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. Any recently enacted and future legislations may increase the difficulty and cost for us to obtain regulatory approval of, and commercialize, our drug candidates, and affect the prices we may obtain. Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which would lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations, and prospects. In addition, we are subject to scheduled or unscheduled periodic inspections of our facilities to monitor our regulatory compliance. During the Track Record Period, we passed all the inspections and obtained clearance in relation to discovery and development of our drug candidates from the regulatory authorities in all material respects. However, we cannot assure you that we will be able to do so going forward.

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 us 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 adversely affect our business, financial condition, results of operations and prospects.

The regulatory approval processes of the NMPA, FDA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are unable to obtain without undue delay any regulatory approval for our drug candidates in our targeted markets, our business may be subject to actual or perceived harm.

Significant time, efforts and expenses are required to bring our drug candidates to market in compliance with the regulatory process, and we cannot assure you that any of our drug candidates will be approved for sale. The time required to obtain approvals from the NMPA, the FDA and other comparable regulatory authorities is often unpredictable, and depends on numerous factors, including the substantial discretion of the regulatory authorities. Our drug candidates could fail to receive regulatory approval in a timely manner for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a drug candidate is safe and effective or, it is safe, pure, and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

In addition, the NMPA, the FDA or a comparable regulatory authority may require more information, including additional analyses, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results, to support approval, which may prolong, delay or prevent approval and our commercialization plans, or we may decide to abandon the development programs. Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to competent regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. The policies of the NMPA, the FDA and other comparable regulatory authorities may also change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may not obtain the regulatory approvals or may lose the approvals that we may have obtained and we may not achieve or sustain profitability.

Additionally, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in various jurisdictions could result in significant delays, difficulties and costs for us and may require additional preclinical studies or clinical trials which would be costly and time consuming. 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 the international markets in compliance with different regulatory processes.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our drug candidates, the commercial prospects of that drug candidate will be harmed, and our ability to generate product sales revenues from any of those drug candidates will be compromised. In addition, any delays in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

After we receive regulatory approvals for our product candidates, we will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses. We may face 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, record-keeping 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 postmarketing information and reports, registration, random quality control testing, adherence to any CMC, variations, continued compliance with GMPs, 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 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 our drugs, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters, or holds on clinical trials;
- refusal by the NMPA, the FDA or other comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals;
- product seizure or detention, or refusal to permit the import or export of our drug candidates; 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.

While we believe that our drug candidates' Class 1 designation in China should confer certain regulatory advantages on us, these advantages may not result in commercial benefits to us as we have expected and may change in the future in a manner adverse to us.

In China, prior to seeking approval from the NMPA, a pharmaceutical company needs to determine the drug's registration category, which will determine the requirements for its clinical trial and marketing application. The categories of therapeutic biologics range from Class 1 (innovative drugs that have not been marketed anywhere in the world), to Class 2 (improved new drugs that are not marketed anywhere in the world), to Category 3 (generic drugs, that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in China), to Category 4 (generic drugs, that have equivalent quality and efficacy to the originator's

drugs and have been marketed in China), to Category 5 (drugs which have already been marketed abroad but are not yet approved in China). Among our pipeline of drug candidates, all of our clinical-stage drug candidates are designated as Class 1 or 2 drug candidates.

The NMPA has adopted several mechanisms for expedited review and approval for drug candidates that apply to Class 1 or 2 drug candidates. While we believe that our clinical stage drug candidates that have been designated as Class 1 or 2 drugs should provide us with a significant regulatory, and therefore commercial advantage over non-Chinese companies seeking to market products in China, we cannot be sure that this will be the case. The pharmaceutical regulatory environment is evolving quickly, and changes in laws, regulations, enforcement and internal policies could result in the "favored" status of Class 1 or 2 products changing or being eliminated altogether. We cannot be certain that the advantages we believe will be conferred by our Class 1 or 2 classifications will be realized or result in any material development or commercial advantage.

Utidelone Injection was officially included in NRDL in early 2023. The NRDL operates with a dynamic adjustment mechanism, regularly altering the types of drugs and pricing within the directory. If the product is removed from the NRDL, or if the pricing decreases more than expected, it could potentially harm our business, financial condition, results of operations, and prospects.

Utidelone Injection has been formally included in NRDL in early 2023, and the negotiated price has been implemented from 1 March 2023 onwards. The inclusion of NRDL effectively reduced the patients' out-of-pocket treatment costs, as well as reduced the difficulty of access to hospitals, and improve patient accessibility. The negotiated price of Utidelone Injection was effective on March 1, 2023, with the price of Utidelone Injection reducing by more than 60%. As a result, the sales volume of Utidelone Injection increased by 387.0% from 18,483 vials for the year ended December 31, 2022 to 90,021 vials for the year ended December 31, 2023 and increased by 4.6% from 36,883 vials for the five months ended May 31, 2023 to 38,577 vials for the corresponding period in 2024, while our gross profit margin decreased from 72.8% for the year ended December 31, 2022 to 70.3% for the year ended December 31, 2023. Our gross profit margin subsequently increased from 67.8% for the five months ended May 31, 2023 to 85.1% for the five months ended May 31, 2024. In the future, if the sales growth is not as expected after being included in the NRDL, it may still have a negative impact on our Company's long-term operating results and profitability.

In addition, the agreement to be included in NRDL is valid until the end of December 2024, and NRDL is subject to a dynamic adjustment mechanism, in which the types of drugs in the list and the pricing will be adjusted periodically. If Utidelone Injection is transferred out of NRDL during the adjustment of NRDL in the future or if the rate of reduction of the pricing is significantly higher than expected, it may have a negative impact on the core competitiveness of the product, the sales volume, or the profitability of our Company.

We face regulation and potential liability related to privacy, data protection and information security which may require significant resources and may adversely affect our business, operations and financial performance.

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 jurisdictions in which we may 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 could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill. While we have taken measures to maintain the confidentiality of the medical records and personal data of subjects enrolled in our clinical trials we collected, including setting internal rules requiring our employees and business partners to maintain the confidentiality of our subjects' medical records, these measures may not be always effective.

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 some jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and the United States. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with governments.

In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers, and if we fail to comply with any such requirement, we could be subject to penalties.

There is no definitive guidance on the applicability of fraud and abuse laws to our business. 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 statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and 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. Moreover, although currently our primary operating business is in China, we are subject to the Foreign Corrupt Practices Act (the "**FCPA**"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. There is no assurance that policies or procedures to ensure the compliance with anti-bribery laws will prevent our agents, employees and intermediaries from engaging in bribery activities. 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. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity. We could also be adversely affected by any allegation that we violated such laws.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties and other negative consequences 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 in China and the United States, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We contract with third parties for the disposal of these materials and wastes. We cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities 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. We may also be forced to close or suspend operations at certain of our affected facilities temporarily or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material adverse impact on our business, financial condition, results of operations and prospects.

We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. In addition, we may incur substantial costs in order to comply with current or future environmental, health, and safety laws and regulations. These current or future laws and regulations may impair our drug candidate R&D program efforts.

Moreover, there is increasing stakeholder pressure on companies to diligence environmental, social, and governance matters in the supply chain. Negative publicity regarding production methods, alleged practices or workplace or related conditions of any of our suppliers, CROs or other third parties who perform services for us could adversely affect our reputation and force us to locate alternatives, which could increase our costs and result in delayed supply of components for, and manufacturing of, our drug candidates, or other disruptions to our operations.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

The pharmaceutical industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our drugs.

We currently conduct most of our operations in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. Any changes or amendments regulations, that alter the Company's original mode of operation, may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the benefits we believe are available to us from developing and manufacturing drugs in China.

Changes in, as well as the interpretation and implementation of the relevant laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Due to extensive operations in the PRC, our business, financial condition, results of operations and prospects are affected by change of laws in the PRC. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade.

In addition, the interpretation and implementation of the laws and regulations relating to pharmaceutical industry also evolve from time to time. The NMPA's recent reform in the regulatory regime of marketed drugs could have impact on our commercialization of drug candidates. For example, the NHC issued the Administrative Measures for Clinical Use of Oncology Drugs (Trial) (《抗腫瘤藥物臨床應用管理辦法(試行)》), effective from March 1, 2021, requiring the oncology drugs, as classified into the "restricted-use" and "normal-use" categories, to be rationally used or prescribed by the medical institutions and medical practitioners. In June 2021, the NHC further issued the Administrative Measurements for Rational 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)》), which specifies the calculation formula for the administrative measurements used for gauging the rational use of restricted-use oncology drugs. We currently do not experience or foresee any potential material adverse impact of these regulations on our business operations. However, as such administrative regulations are newly released and relevant measures are generally evolving, we cannot assure you if our business operations will not be adversely affected in the future.

We may face risks from transferring our scientific data in the future.

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 provided a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, if the provision of scientific data involving "state secrets" is required in foreign exchanges and cooperation, Chinese enterprises should clarify the type, scope and purpose of the data to be used, and report to the competent authority for approval in accordance with relevant procedures of confidentiality management regulations. When publishing a paper in a foreign academic journal requires the author to submit the relevant scientific data, the author should, prior to the publication, submit such scientific data to the belonged institution for unified management if such scientific data are generated with the government funding. Given the term "state secret" is not clearly defined, we cannot assure you that we can always obtain relevant approvals for sending scientific data in the future, such as the results of our preclinical studies or clinical trials conducted within the PRC, abroad or to our foreign partners in the PRC. If we are unable to obtain necessary approvals in a timely manner, or at all, our R&D of drug candidates may be hindered, which could materially and adversely affect our business, financial condition, results of operations 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 rectification and other administrative penalties imposed by those government authorities.

Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to applicable regulations, PRC companies issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or

eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees and payments through CCASS). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

Governmental supervision of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may adversely affect the value of your investment.

Renminbi is currently not a fully freely convertible currency. The PRC government imposes supervision on the convertibility of Renminbi into foreign currencies and, in certain cases, the supervision of currency out of China. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations, e.g., to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under China's existing laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the State Administration of Foreign Exchange. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

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

All of our costs are denominated in Renminbi and our financial assets are denominated in Renminbi and U.S. dollars. However, our proceeds from the Global Offering will be denominated in Hong Kong dollars. The value of the Renminbi against U.S. dollars and Hong Kong dollars, may fluctuate and is affected by, among other things, changes in global political and economic conditions, which are out of our control. Therefore, any fluctuations in the exchange rate of the Renminbi against other currencies may expose us to exchange rate risks, and our results of operations may be adversely affected. In addition, we normally do not have a foreign currency hedging policy and our use of derivatives markets or foreign exchange hedging measures to minimize foreign exchange rate risk may fail. Accordingly, we are exposed to exchange rate fluctuations and such exposure may adversely affect our financial position and the performance of our business.

There might be uncertainties in effecting service of legal process, enforcing foreign judgments against us or our Directors and senior management personnel in the PRC.

We are incorporated under the laws of China, and substantially all of our assets are located in China. In addition, a majority of our Directors, Supervisors and senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. Therefore, it may be difficult for investors to effect service of process upon us or our Directors, Supervisors and senior management personnel in the PRC.

On July 14, 2006, the Supreme People's Court of the 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》), or the Arrangement on Reciprocal Recognition, which was taken into effect on August 1, 2008.

Pursuant to the Arrangement on Reciprocal Recognition, 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 Arrangement on Reciprocal Recognition in which a Hong Kong court or a mainland court is expressly selected as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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》), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the mainland China. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement.

The approval, filing or other requirements of the CSRC or other PRC government authorities may be required under PRC laws.

On February 17, 2023, the CSRC promulgated the Trial Measures and five related guidelines, which became effective on March 31, 2023. The Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities through a filing-based regulatory regime.

Pursuant to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means, are required to go through the filing procedure with the CSRC and report relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

We cannot assure you that we could meet such requirements, complete such filing in a timely manner. Any failure may restrict our ability to complete the proposed listing or any future equity capital raising activities, which would have a material adverse effect on our business and financial positions.

Changes in international trade policies and rising political tensions may adversely impact our business and results of operations.

We are susceptible to constantly changing international economic, regulatory, social and political conditions and local conditions in foreign countries and regions. China's political relationships with foreign countries and regions may affect the prospects of our relationships with third parties, such as business partners, suppliers and future customers. 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 between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our future products and adversely affect our business, financial condition, results of operations, cash flow and prospects. Rising trade and political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies.

RISKS RELATING TO THE GLOBAL OFFERING

Any possible conversion of our Domestic Shares into H Shares in the future could increase the supply of our H Shares in the market and may negatively impact the market price of our H Shares.

Subject to the approval of the CSRC, all of our Domestic Shares may be converted into H Shares in the future, and such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares any requisite internal approval by our Shareholders and approval from relevant PRC regulatory authorities shall have been obtained. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, our Domestic Shares may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and may negatively impact the market price of our H Shares.

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop, especially considering that our existing Shareholders are subject to a lock-up period.

No public market currently exists for our H Shares. The initial Offer Price for our H Shares to the public will be the result of negotiations between our Company and the Overall Coordinator (on behalf of the Underwriters) and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering. We have applied for listing of and permission to deal in our Offer Shares on the Stock Exchange. However, a listing on the Stock Exchange does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following the Global Offering.

In particular, certain part of the H Shares in issue as of the date of this prospectus will be subject to a lock-up period from the Listing Date, which may significantly affect the liquidity and trade volume of the H Shares in the short term following the Global Offering.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our Shares may be subject to significant volatility in response 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 shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our applications for regulatory approvals of our drug candidates, regulatory developments affecting the pharmaceutical industry, 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, and actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

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.

Prior to the Global Offering, there has not been a public market for 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.

Payment of dividends is subject to restrictions under the PRC law and there is no assurance whether and when we will pay dividends.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. The calculation of our distributable profits under the PRC GAAP differs in many aspects from the calculation under HKFRS. Moreover, our operating subsidiaries in China may not have distributable profit as determined under the PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

We may finance our future cash needs through equity offerings, licensing arrangements or other collaborations, government funding arrangements, debt financings, or any combination thereof. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our H Shares to decline.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

The Offer Price of the H Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the H Shares in the Global Offering will experience an immediate dilution. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the H Shares may experience

dilution if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares through the employee incentive platforms, which would further dilute Shareholders' interests in our Company.

We cannot make fundamental changes to our business without the consent of the Stock Exchange.

On April 30, 2018, the Hong Kong Stock Exchange adopted rules under Chapter 18A of Listing Rules. Under these rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this prospectus. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Chapter 18A. Were any of our competitors that are not listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

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

Certain facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry in and outside China are obtained from official government sources, and we can not guarantee either the quality nor reliability of such source materials. 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, neither we, the Joint Sponsors, the Overall Coordinator nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the pharmaceutical industry in and outside China may be inaccurate, and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

You should read the entire prospectus carefully, and we 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 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 Hong Kong when making your investment decision regarding our 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 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 our Global Offering. By applying to purchase our 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.

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the new applicant's arrangements for maintaining regular communication with the Stock Exchange, including but not limited to compliance by the new applicant with Rules 3.06, 3A.23 and 3A.24 of the Listing Rules.

The Group's daily operations and major assets are primarily located in the PRC, and the Group's management members are, and expect to continue to be, based primarily in the PRC. The Company considers that the Group's management members are best able to attend to its functions by being based in the PRC. The Company's executive Director is not or will not be ordinarily resident in Hong Kong after the Listing of the Company. The Directors consider that relocation of the Company's executive Director to Hong Kong will be burdensome and costly for the Company, and it may not be in the best interests of the Company and its Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. Furthermore, if the executive Director or the additional ones are not able to be physically present at the location where the Group's daily operations take place, they may not be able to fully or promptly understand the daily business operation of the Group nor appreciate the circumstances affecting the business operations and development of the Group from time to time.

As such, the Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. The Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

(i) our Company has appointed and will continue to maintain Dr. Tang Li and Mr. Chan Yik Pun as its authorised representatives (the "**Authorised Representatives**") pursuant to Rules 3.05 and 3.06(2) of the Listing Rules. The Authorised Representatives will act as the Company's principal communication channel with the Stock Exchange. Each of the Authorised Representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. The Company has provided the Stock

Exchange with the contact details of the Authorised Representatives and the Company will inform the Stock Exchange promptly in respect of any change to the contact details of the Authorised Representatives;

(ii) the Authorised Representatives have the means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter. To enhance communication between the Stock Exchange and the Authorised Representatives or the Directors, the Company will implement a policy whereby (i) the executive Director will provide a valid phone number or other means of communication for the Authorised Representatives when he is traveling or out of office, and (ii) each Director will provide his or her mobile phone number, office phone number, e-mail address and, where available, fax number to the Stock Exchange and the Company will inform the Stock Exchange promptly in respect of any changes to the contact details of the Directors;

(iii) all the Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required; and

(iv) the Company has appointed Maxa Capital Limited as its compliance adviser upon Listing pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Authorised Representatives, the Company's Directors and senior management, who will act as the additional channel of communication with the Stock Exchange when the Authorised Representatives are not available. The Company has provided the Stock Exchange with the contact details of the Compliance Adviser and will inform the Stock Exchange promptly in respect of any changes to the contact details of the Compliance Adviser.

The Company will inform the Stock Exchange as soon as practicable in respect of any changes in the Authorised Representatives and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

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

(i) a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries);

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

(iii) 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 sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

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

(ii) 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;

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

(iv) 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:

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

(ii) 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

(iii) 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:

(i) 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

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

The Company considers that while it is important for the company secretary to be familiar with the relevant securities regulations in Hong Kong, he/she also needs to have experience relevant to the Company's operations, a nexus to our Board and a close working relationship with the management of the Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of the Company to appoint a person who is familiar with the Company's business and affairs as company secretary.

The Company has appointed Mr. Chan Yik Pun, as one of the joint company secretaries.

We have applied to the Hong Kong Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the proposed arrangements below:

(i) Mr. Liu Kailin will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by the Company's Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time;

(ii) Mr. Liu Kailin has confirmed that he will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(iii) Mr. Chan Yik Pun will assist Mr. Liu Kailin to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of the Company;

(iv) Mr. Chan Yik Pun will communicate regularly with Mr. Liu Kailin on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to the Company and its affairs. Mr. Chan Yik Pun will work closely with, and provide assistance for, Mr. Liu Kailin in the discharge of his duties as a company secretary, including organizing the Company's Board meetings and Shareholders' general meetings;

(v) upon expiry of Mr. Liu Kailin's initial term of appointment as the company secretary of the Company, the Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Liu Kailin's appointment as the company secretary of the Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver will be revoked immediately if Mr. Chan

Yik Pun ceases to provide assistance to Mr. Liu Kailin as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by the Company;

(vi) our Company has appointed Maxa Capital Limited as the Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the date of listing, or until the engagement is terminated, whichever is earlier). Maxa Capital Limited will provide professional guidance and advice to the Company as to the compliance with the Listing Rules and all other applicable laws and regulations; and

(vii) the waiver is valid for an initial three-year period commencing from the Listing, and will be revoked immediately if Mr. Chan Yik Pun ceases to provide assistance and guidance to Mr. Liu Kailin, or if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, our Company will re-evaluate the qualifications and experiences of Mr. Liu Kailin and liaise with the Stock Exchange to revisit the situation in the expectation that we should then be able to demonstrate to the Stock Exchange's satisfaction that Mr. Liu Kailin, having had the benefit of assistance from Mr. Chan Yik Bun's for three years, would then have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that a further waiver would not be necessary.

EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1)(B) 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

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 the company to include in its prospectus a report by the auditors of the company with respect to profits and losses of the company in respect of each of the three financial years immediately preceding the issue of the prospectus and 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 strict 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 interests 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 an 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 an eligible 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 an eligible 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 reference 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.

Accordingly, we 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:

(i) our Company is a biotechnology company focusing on the field of oncology treatments and product development, and falls within the scope of a biotech company as defined under Chapter 18A of the Listing Rules. The Company is seeking a listing under Chapter 18A and will fulfill the additional conditions for listing required under Chapter 18A of the Listing Rules;

(ii) the Accountants' Report of the Company for the two financial years ended December 31, 2023 and the five months ended May 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;

(iii) as of the Latest Practicable Date, the Company had one commercialized product and 19 other pipeline product candidates. Major financing activities conducted by the Company since its incorporation include the Pre-IPO Investments, the details of which have been fully disclosed in the paragraphs headed "History, Development and Corporate Structure — Pre-IPO Investments" in this prospectus;

(iv) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 2023 and the five months ended May 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;

(v) furthermore, as Chapter 18A of the Listing Rules provides track record period of two years for biotech companies in terms of financial disclosure, strict compliance with the requirements of 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 would be unduly burdensome for our Company; and

(vi) the Accountants' Report covering the two financial years ended December 31, 2023 and the five months ended May 31, 2024 (as set out in Appendix I to this prospectus), together with other disclosures in this prospectus, have 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 the 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 October 23, 2024.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) 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 are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

The CSRC issued a notice of filing on June 12, 2024 for the Global Offering and for the submission of the application to list the H Shares on the Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus. No other approvals under the PRC laws and regulations are required to be obtained for the listing of the H Shares on the Stock Exchange.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,458,800 Offer Shares and the International Offering of initially 13,129,200 Offer Shares (subject, in each, to reallocation on the basis as set out in "Structure of the Global Offering" 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 and therein. 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 Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or 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 offering, sale or delivery made in connection with the Offer Shares should, 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.

See "Structure of the Global Offering" in this prospectus for details of the structure of the Global Offering, including its conditions.

INFORMATION ON THE CONVERSION OF DOMESTIC SHARES AND UNLISTED FOREIGN SHARES INTO H SHARES

The Company has applied for conversion of Domestic Shares and Unlisted Foreign Shares into H Shares, which involves 174,163,219 Domestic Shares and 38,840,118 Unlisted Foreign Shares held by the existing Shareholders. The numbers of Domestic Shares and Unlisted Foreign Shares which will be converted into H Shares are 163,292,739 Domestic Shares and 38,840,118 Unlisted Foreign Shares, respectively. See "History, Development and Corporate Structure" and "Share Capital" for details of our existing Shareholders and their respective interests in the Company and relevant procedures for the conversion of Domestic Shares and Unlisted Foreign Shares into H Shares. Such H Shares to be converted from Domestic Shares and Unlisted Foreign Shares are restricted from trading for a period of one year after the Listing.

The conversion of Domestic Shares and Unlisted Foreign Shares into H Shares has been approved by the CSRC on June 12, 2024.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in "How to Apply for Hong Kong Offer Shares" 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 acquisition of Hong Kong Offer Shares to, confirm that he 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 H Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and 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 U.S.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Overall Coordinators agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the agreement on the Offer Price between the Overall Coordinators and us. For full information about the Underwriters and the underwriting arrangements, see "Underwriting" in this prospectus.

The Offer Price is expected to be determined by agreement between the Overall Coordinators and the Company on the Price Determination Date, which is expected to be on or before Tuesday, October 29, 2024. If, for any reason, the Offer Price is not agreed by 12:00 noon on Tuesday, October 29, 2024 between the Overall Coordinators and the Company, the Global Offering will not proceed and will lapse.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued and H Shares to be converted from Domestic Shares and Unlisted Foreign Shares pursuant to the Global Offering. Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on the Listing Date. The H Shares will be traded in the board lots of 200 H Shares each. The stock code of our H Shares will be 2563. Except as otherwise disclosed in this prospectus, no part of our Share or debt securities is listed on or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

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 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 Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H 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. Investors should seek the advice of their stockbroker or

other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted in to CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong 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 in our H Share register of members will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

According to the Guide to the Program for "Full Circulation" of H shares promulgated by CSDC on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, which shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences, disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant laws, rules and regulations to arbitration in accordance with our Articles of Association, and any

reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors, and senior officers whereby such Directors, Supervisors, and senior officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. 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 in the Listing Rules) of any of the Directors or Supervisors of our Company or an existing Shareholder of our Company or a nominee of any of the foregoing.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

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

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one or two decimal places. Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

CURRENCY TRANSLATIONS

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

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of RMB1.00 to HK$1.0990, Renminbi into U.S. dollars at the rate of US$1.00 to RMB7.0723 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.7724. The RMB to HK$ and US$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on the Latest Practicable Date. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Tang Li (唐莉)	56-1, Fuyuan Dongli District 1 Yizhuang Economic and Technological Development Zone Beijing PRC	American
Qiu Rongguo (邱榮國)	56-1, Fuyuan Dongli District 1 Yizhuang Economic and Technological Development Zone Beijing PRC	American
Zhang Cheng (張成)	No. 1, 5/F, Unit 3, Building 1 No. 8 Guoyan Street Wuhou District Chengdu, Sichuan Province PRC	Chinese
Guan Jin (關津)	No. 21 Guangqu Road Chaoyang District Beijing PRC	Chinese
Non-executive Directors		
Tang Jin (唐進)	No. 1, 3/F, Unit 1, Block 19 No. 188, Section 2 Jiaozi Avenue Yanjiang District Ziyang, Sichuan Province PRC	Chinese
Zhu Pai (朱湃)	C-805, Building 7, Xiangrui Garden Longzhu Avenue Nanshan District Shenzhen, Guangdong Province PRC	Chinese

Independent Non-executive Directors

Meng Songdong (孟頌東)	No. 13 Zhongguancun North Road Haidian District Beijing PRC	Chinese
Qi Jingyao (漆靜瑤)	Flat 102, Unit 1, Building 32 No. 8 Xinguang Road Hi-tech Zone Chengdu, Sichuan Province PRC	Chinese
Ran Dong (冉棟)	Flat D, 3/F Branksome Garden Mid-Levels Hong Kong	Chinese

SUPERVISORS

Name	**Address**	**Nationality**
Zhang Shufeng (張樹豐)	No. 1004, No. 58 Courtyard Qingta West Road Fengtai District Beijing PRC	Chinese
Zhou Quan (周荃)	No. 505, Building 5, Annex 1 No. 19, Section 2 Lushan Avenue Wan'an Town Shuangliu, Sichuan Province PRC	Chinese
Kong Rixiang (孔日祥)	12-3-602, Shanglinyuan, Old Palace Town Daxing District Beijing PRC	Chinese

For further details, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong **China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**ICBC International Securities Limited** 37/F, ICBC Tower 3 Garden Road Hong Kong **CMBC Securities Company Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong **SPDB International Capital Limited** 33/F, SPD Bank Tower 1 Hennessy Road Hong Kong **China Galaxy International Securities (Hong Kong) Co., Limited** 20/F, Wing On Centre 111 Connaught Road Central Hong Kong **Shenwan Hongyuan Securities (H.K.) Limited** Level 6, Three Pacific Place 1 Queen's Road East Hong Kong

Zhongtai International Securities Limited
19th Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Orient Securities (Hong Kong) Limited
28/F-29/F, 100 Queen's Road Central
Central
Hong Kong

Fosun International Securities Limited
Suite 2101–2105, 21/F, Champion Tower
3 Garden Road
Central
Hong Kong

Guoyuan Securities Brokerage (Hong Kong) Limited
17/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Shanxi Securities International Limited
Unit A, 29/F, Tower 1
Admiralty Center
18 Harcourt Road Admiralty
Hong Kong

First Shanghai Securities Limited
19/F, Wing On House
71 Des Voeux Road Central
Hong Kong

Patrons Securities Limited
Unit 3214, 32/F., Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

	Mouette Securities Company Limited Rooms 4024–4033, 40/F., Sun Hung Kai Centre 30 Harbour Road Wanchai Hong Kong
	Citrus Securities Limited Room 2201, 22/F, OfficePlus@Wan Chai 303 Hennessy Road Wan Chai Hong Kong
Joint Lead Manager	**Futu Securities International (Hong Kong) Limited** 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
Legal Advisors to the Company	*as to Hong Kong law:* **Tian Yuan Law Firm LLP** Suites 3304–3309, 33/F, Jardine House One Connaught Place Central Hong Kong
	as to PRC law: **Beijing DeHeng Law Offices** 12/F, Tower B, Focus Place 19 Finance Street Beijing PRC
	as to U.S. law: **HNP Law Firm PLLC** Suite 1251, 442 Fifth Avenue New York U.S.

Legal Advisers to the Joint Sponsors and the Underwriters	*as to Hong Kong law:* **Jingtian & Gongcheng LLP** Suites 3203–3207, 32/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan** Room 2504–2505, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai PRC
Intellectual Property Consultants	*as to PRC intellectual property matters:* **Lung Tin Law Firm** 18th Floor, Tower B Grand Place No. 5 Huizhong Road Chaoyang District Beijing PRC

	as to U.S. intellectual property matters: **King & Wood Mallesons** 18th Floor, East Tower World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District Beijing PRC
Independent property valuer	**Asia-Pacific Consultant and Appraisal Limited** Flat/Rm A, 12/F Kiu Fu Commercial Building 300 Lockhart Road, Wanchai Hong Kong
Compliance Adviser	**Maxa Capital Limited** Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong
Receiving Banks	**China Construction Bank (Asia) Corporation Limited** 26/F, China Construction Bank Tower 3 Connaught Road Central Central Hong Kong

Registered Office	Room 310, 3/F, Building 3 No. 88 Courtyard, Kechuang Sixth Street Beijing Economic-Technological Development Area Beijing PRC
Head Office and Principal Place of Business in the PRC	1202, Tower B Yicheng Fortune Center Beijing Economic-Technological Development Area Beijing PRC
Principal Place of Business in Hong Kong	Unit 02, 8/F Tung Che Commercial Centre 246 Des Voeux Road West Hong Kong
Joint Company Secretaries	**Mr. Liu Kailin (劉開林)** 1012 Hongling Middle Road Luohu District Shenzhen, Guangdong Province PRC **Mr. Chan Yik Pun (陳奕斌)** Unit 02, 8/F Tung Che Commercial Centre 246 Des Voeux Road West Hong Kong
Authorised Representatives	**Dr. Tang Li (唐莉)** 56-1, Fuyuan Dongli District 1 Yizhuang Economic and Technological Development Zone Beijing PRC **Mr. Chan Yik Pun (陳奕斌)** Unit 02, 8/F Tung Che Commercial Centre 246 Des Voeux Road West Hong Kong
Audit Committee	Mr. Ran Dong (冉棟) *(Chairperson)* Ms. Qi Jingyao (漆靜瑤) Dr. Meng Songdong (孟頌東)

Nomination Committee	Dr. Meng Songdong (孟頌東) *(Chairperson)* Mr. Ran Dong (冉棟) Dr. Tang Li (唐莉)
Remuneration and Assessment Committee	Ms. Qi Jingyao (漆靜瑤) *(Chairperson)* Dr. Meng Songdong (孟頌東) Dr. Qiu Rongguo (邱榮國)
Strategy Committee	Dr. Tang Li (唐莉) *(Chairperson)* Dr. Qiu Rongguo (邱榮國) Dr. Guan Jin (關津)
Compliance Adviser	Maxa Capital Limited Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banks	Bank of China Limited (Beijing East Highland Sub-branch) No. 6, Jingbei East Road Fengtai District Beijing PRC China Construction Bank Corporation (Chengdu Gaoxin West branch) 1704 West District High-tech Zone Chengdu Sichuan Province PRC
Company's Website	**www.biostar-pharm.com** ***(The information contained in this website does not form part of this prospectus)***

Certain information and statistics set out in this section have been extracted from various official government publications, market data providers and a report commissioned by us and prepared by an independent third party, Frost & Sullivan. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

ONCOLOGY DRUG MARKET

Overview

As the focus of oncology, cancer is a broad group of diseases characterized by the uncontrolled growth and spread of abnormal cells. It is distinguished by its high mortality rate, dire prognoses, and significant treatment expenses, making it an urgent healthcare challenge that demands constant attention. Particularly, advanced cancer, which refers to cancer that has metastasized from the primary site or relapsed, necessitates immediate medical intervention. As a leading cause of mortality worldwide, the global incidence of cancer has grown to 20.8 million in 2023 from 18.1 million in 2018. Due to aging population, the incidence of cancer is expected to reach 24.5 million in 2030. In China, cancer has been the second largest disease by mortality. In the past five years, the incidence of cancer in China has shown a steady growth, from 4.4 million in 2018 to 4.9 million in 2023 and is expected to reach 5.6 million in 2030.

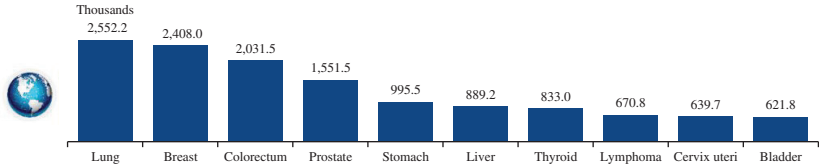
Market Size

The global oncology drug market has seen rapid expansion, increasing from US$128.1 billion in 2018 to US$228.9 billion in 2023. It is expected to reach US$419.8 billion by 2030, growing at a CAGR of 9.1% from 2023. The oncology drug market in China is also growing rapidly, attributed to factors such as accelerated approval process for innovative drugs and medical insurance payment method reform. China's oncology drug market size increased from RMB157.5 billion in 2018 to RMB241.6 billion in 2023 and is expected to reach RMB548.4 billion by 2030, with a CAGR of 12.4% from 2023.

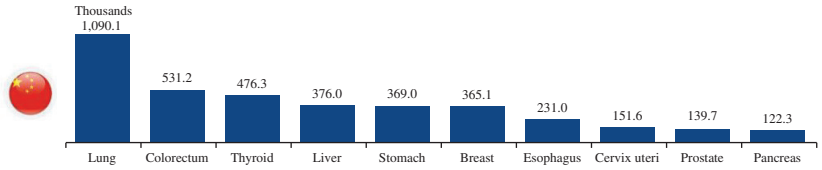
Top Ten Cancer Types

The chart below illustrates the profiles of the top 10 cancers in terms of incidence in 2023:

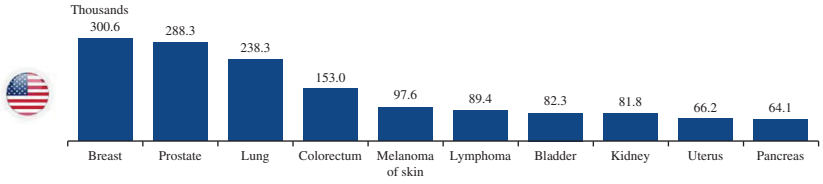
Top 10 Cancers by Incidence Globally, 2023



Top 10 Cancers by Incidence in China, 2023



Top 10 Cancers by Incidence in the U.S., 2023



Source: Globocan, IARC, NCCR, Frost & Sullivan analysis

Major Types of Cancer Treatments

With continued progress in the understanding of cancer biology and advancement of modern biotechnology, it is expected that more cutting-edge technologies will be devised and deployed for oncology drug development in the future, and an increasing number of innovative treatment options are expected to be brought to oncology patients in dire needs. The diagram below illustrates primary cancer treatments, which include surgery, radiotherapy, chemotherapy, and precision therapy.

	Surgery	Radiotherapy	Chemotherapy	Precision Therapy
Description	A procedure in which a surgeon removes cancer from a patient's body	High doses of radiation to kill cancer cells and shrink tumors	Use single or combinations of anti-cancer drugs to stop or slow tumor growth	Act on specific targets that are associated with cancer development
Features	Foundation of solid tumor treatment. More effective for early stage, limited for most late stage	Affects surrounding normal cells as well, causing side effects such as fatigue, hair loss	Targets all fast growing cells, can be used to treat many types of cancer alone or in combination with other treatments	Suppress tumor cells by regulating cell signaling pathways or relying on patient's own immune system. Includes small-molecule drugs, mAbs, ADCs and CGTs
Examples	Liver resection	3D-CRT, IMRT, SBRT	Taxanes, Cisplatin, Utidelone	TKIs, PD-1 inhibitor

Source: Literature research, Frost & Sullivan Analysis

CHEMOTHERAPY DRUG MARKET

Overview

Chemotherapy is widely employed for various cancers, serving a critical role throughout different stages of cancer treatment. As there are more and more cancer patients and cancer is increasingly regarded as a chronic disease with prolonged treatment periods, chemotherapy has solidified its position as the cornerstone of cancer treatment. With the advent of innovative chemotherapy drugs and formulations (especially oral formulation), as well as its combination with other medications, a growing number of patients are benefiting from chemotherapy, leading to an expansion of chemotherapy drug market.

Over the past decade, few chemotherapy drugs with new molecular structures have been approved by relevant regulatory authorities. Since chemotherapy drugs are broad-spectrum anti-cancer agents that act on cells throughout the body, it is crucial to ensure that they target cancer cells while minimizing their impact on normal cells, and it is difficult to strike a balance between efficacy and safety profile of chemotherapy drugs. In addition, chemotherapy drugs are primarily discovered from natural biological organisms, without a standardized screening platform. Therefore, it is extremely challenging to design their molecular structures; therefore, the screening of new compounds is difficult, costly, and time-consuming.

Comparison of Chemotherapy Drugs

Chemotherapy drugs can be divided into five categories according to their mechanisms of action. A comparison is set forth below:

Drug Type	MOA	Main Drugs & Approved date	Main Indications
Tubulin Inhibitors	By inhibiting the polymerization or depolymerization of microtubules, causing them to be unable to perform their normal functions, thereby inhibiting the division of tumor cells.	Paclitaxel (1992), docetaxel (1995), utidelone (2021), eribulin (2010), ixabepilone (2007), vinorelbine (1994)	Breast cancer, non-small cell lung cancer, gastric cancer, esophageal cancer, prostate cancer
Alkylating agent	By destroying DNA molecules, cross-linking occurs between bases, thereby preventing tumor cells from dividing.	Cisplatin (1978), carboplatin (1989), oxaliplatin (1996), cyclophosphamide (1959), nitrogen mustard (1960s), carmustine (1977)	Non-small cell lung cancer, esophageal cancer, ovarian cancer, cervical cancer
Antimetabolites	Prevent tumor cells from dividing by inducing DNA depletion, or causing DNA structural abnormalities by inserting DNA.	Fluouracil (1962), capecitabine (1998), gemcitabine (1995), pemetrexed (2004)	Gastric cancer, colorectal cancer, breast cancer, ovarian cancer, lung cancer, cervical cancer
Anti-tumor Antibiotics	Affects DNA synthesis and replication by inserting DNA strands or producing superoxide, causing DNA strand breaks and preventing tumor cells from dividing.	Doxorubicin (1974), epirubicin (1999), pirarubicin (1988), mitomycin (1974)	Breast cancer, lung cancer, stomach cancer, colorectal cancer, esophageal cancer, liver cancer
Topoisomerase Inhibitor	By inhibiting the activity of topoisomerase, it prevents the unwinding and supercoiling of DNA, preventing the normal transcription and replication of tumor cell DNA.	Hydroxycamptothecin (1998), irinotecan (1996), topotecan (2007), etoposide (1983)	Non-small cell lung cancer, gastric cancer, esophageal cancer, small cell lung cancer, ovarian cancer

Source: Literature research, Frost & Sullivan Analysis

Market Drivers and Future Trends

The growth of the chemotherapy drug market is driven primarily by the following factors:

Expanding patient pool. The incidence of cancer in China has been continuously rising due to factors such as aging populations, lifestyle changes, and increased exposure to risk factors. In 2023, there were 4.9 million cases, reflecting a CAGR of 2.2% from 2018 to 2023. It is expected that by 2030, the incidence in China will reach 5.6 million.

The incidences of specific cancers in China in 2023 and the projection for 2030 are approximately as follows:

	Incidence in China in 2023	Incidence projection for China in 2030
	(thousand)	*(thousand)*
Breast cancer	365.1	421.9
NSCLC	926.6	1,099.9
Gastric cancer	369.0	441.8
Esophageal cancer	231.0	280.5
Ovarian cancer	61.6	65.9
Liver cancer	376.0	434.0
Glioblastoma	43.7	52.5

This expanding market presents significant opportunities for the Group to meet the growing demand and enhance market penetration. The number of patients using chemotherapy, particularly novel chemotherapy drugs, as one of the most critical cancer treatments, will also increase as the incidence of cancer increases.

Significant unmet medical needs. It became evident that there is a substantial demand for chemotherapy drugs, as other therapies often require combination with them to achieve optimal therapeutic effects. Since combination therapies utilize multiple drugs or treatment modalities that work synergistically to attack cancer cells more effectively than monotherapies, currently, combination therapies are widely used in various cancer treatments for better efficacy. For example, a majority of PD-(L)1 antibodies are approved for use in combination with chemotherapy drugs to be effective; Pertuzumab used in combination with trastuzumab and taxanes, has become the main treatment for HER2-positive breast cancer; Utidelone combination regimen can significantly improve both PFS and OS, meet the actual clinical needs, and reduce the risk of disease survival and death in advanced patients; Platinum-based chemotherapy combined with pembrolizumab is regarded as category I regimen for advanced-stage NSCLC for longer median PFS and higher ORR.

Increasing R&D investment. In 2023, the total R&D investment by Chinese pharmaceutical companies was US$30.1 billion. This figure is forecasted to reach RMB76.0 billion by 2030, with a CAGR of 14.2%. This steady growth in investment underscores the market's positive outlook for the industry.

Regulatory reform and favorable government policies. The PRC government promulgated a series of policies to shorten the review and approval interval for innovative drugs. Priority review is also implemented to accelerate getting to the market process for drugs with potential to address the urgently clinical need. Patent protection is greatly enhanced as well. These reforms will stimulate domestic players to invest more on research & development. In October 2017, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》). With the reform being realized, it leads to availability increase of clinical trial sites, shortening of the IND and NDA approval time, patent term extension and affordability of innovative drugs. In July 2018, the Guidelines on Accepting Foreign Clinical Data (《接受藥品境外臨床試驗數據的技術指導原則》) was issued, thereby accelerating the marketing process of innovative drugs whose clinical data generated abroad is accepted, rendering them to continue with the most advanced clinical stage possible directly in China. In 2023, the PRC government introduced the High-Quality Development Action Plan for the Pharmaceutical Industry (2023–2025) (《醫藥工業高質量發展行動計劃(2023–2025年)》), which called for extensive support for pharmaceutical companies, with the goal of stimulating R&D and advancing the pharmaceutical industry.

Increasing affordability and healthcare awareness. China's per capita disposable income increased from RMB28,228 in 2018 to RMB36,883 in 2022. It is projected to reach RMB64,745 by 2030, with a CAGR of 7.3% from 2022. This increase, along with growing health awareness, is expected to enhance residents' ability to pay for healthcare.

The future trends for chemotherapy drug market are as follows:

Enhanced efficacy and broader spectrum. A key emerging trend in the development of chemotherapy drugs is the focus on enhancing their efficacy and broadening their spectrum. The future is poised to witness a significant shift towards chemotherapy drugs that exhibit higher potency against cancer cells across a more diverse array of cancer types.

Better safety profile. The trajectory for chemotherapy drugs is set towards greater safety. Most chemotherapy treatments come with a limited margin of safety and a high incidence of side effects. There is a concerted effort to develop drugs that can either mitigate or rectify the unintended adverse events of treatment, and future advancements in chemotherapy are expected to prioritize the safety of the drugs, ultimately aiming to improve patients' quality of life.

Effective for multi-drug resistant tumors. With the long-term use of chemotherapy drugs, tumor cells will develop resistance to existing drugs, causing their therapeutic effects to decline. Especially for patients with advanced cancers, after multiple drug treatments, tumor cells are inclined to become highly drug-resistant. Therefore, developing chemotherapy drugs that are effective for multi-drug resistant tumors and less prone to develop drug resistance is increasingly gaining popularity among researchers and pharmaceutical companies.

Innovative formulations. A large number of innovative formulations have emerged which aim not only to improve efficacy and safety profile, but also to enhance patient convenience and compliance. For example, liposome formulation can increase drug concentration in tumor tissues and reduce toxicity caused by excipients; albumin-bound preparations which require no solubilizer and pretreatment can effectively reduce toxic reactions. Furthermore, an increasing number of researchers and pharmaceutical companies are developing oral formulations because they are easier to administer than injections and combine with other drugs, which can significantly improve patient compliance.

Synthetic Biology

Synthetic biology technology enables scientists to design molecular components tailored to specific needs. This technology allows for the transformation and optimization of biological systems, as well as the production of novel substances with unique structures. By editing genomes and regulating cellular metabolic pathways, synthetic biology technology can enhance the eco-friendly production of key products, boost output, and limit side metabolic pathways, which would produce metabolites not directly involved in the normal growth, development, or reproduction of an organism, thereby reducing by-products. However, due to its interdisciplinary nature and significant technical barrier, the application of synthetic biology in drug development is currently limited.

Differing from traditional chemical synthesis, biosynthetic products exhibit greater complexity and diversity in their chemical structures. The distinctive chemical structures of these products offer enhanced targeting capabilities and biological activity. In addition, this technology also includes the following advantages:

Molecule discovery. Its integration in the drug discovery pipeline has been transformative, facilitating the rapid and precise synthesis of DNA fragments, genes, or gene clusters. It allows for the exploration and generation of more clinically efficacious targets, ultimately leading to the creation of innovative drug molecules with potential improved safety profiles and therapeutic efficacy.

Improving efficiency. Through methods such as gene editing, genes can be transferred into engineering bacteria or cell lines for large-scale eco-friendly production; in addition, synthetic biology can enhance drug discovery and development by employing artificial intelligence and machine learning techniques to rapidly screen DNA sequences and develop promising drug candidates.

Cost-effective and eco-friendly materials. In the process of drug production through biosynthesis, starting materials mainly come from accessible and eco-friendly culture mediums including soy peptone, sugar, inorganic salt, and buffer, etc.; renewable bioresources can also be used as feedstocks, which are less expensive; therefore, biosynthesis can reduce drug production costs by managing the costs of raw materials.

Environmentally friendly approach. In biosynthesis, most reactions are facilitated by microorganisms or enzymes, with milder reaction conditions and a simpler process, which could reduce carbon emissions; moreover, biosynthesis allows microorganisms to be more actively involved in waste management through transformation, thereby reducing the environmental burden.

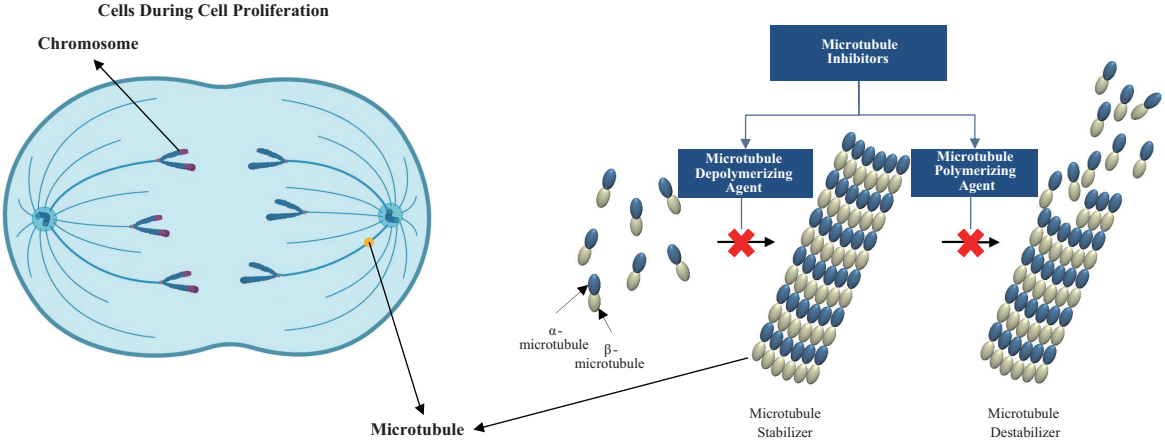
MICROTUBULE INHIBITOR MARKET

Overview

Microtubule inhibitor chemotherapy drugs are a class of anti-tumor medications that can inhibit tumor proliferation by inhibiting cell mitosis. They have a wide range of clinical applications and currently play a crucial role in the treatment of various cancers.

Mitosis is a process that occurs in the cells of living organisms with complex cell structures (eukaryotic cells) to ensure that each new cell gets a complete set of chromosomes. During mitosis, a single cell splits its nucleus, which contains the chromosomes, into two identical nuclei. Microtubules polymerize into spindles in the early stages of cell division, and the spindles pull chromosomes to move to two levels during mitosis and enter the two identical cells to complete cell proliferation.

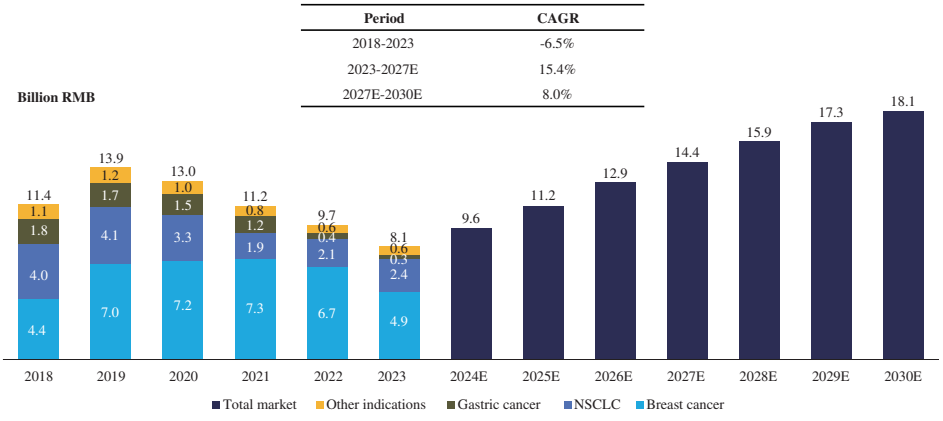
Microtubule inhibitors can effectively inhibit cell mitosis by inhibiting the polymerization of tubulin (microtubule destabilizer) or inducing tubulin to form a stable state (microtubule stabilizer), ultimately arresting the cell cycle and leading to apoptosis. Microtubule inhibitors can be divided into two categories in terms of mechanism of action: (i) microtubule stabilizer, which promotes tubulin polymerization, mainly including taxanes, and epothilones; and (ii) microtubule destabilizer, which inhibits tubulin polymerization, mainly including vinca alkaloids, and halichondrin B. The mechanisms of action of microtubule inhibitors are set forth below:



Source: Literature research, Frost & Sullivan Analysis

Market Size

The microtubule inhibitor market in China increased from RMB11.4 billion in 2018 to RMB13.9 billion in 2019. The implementation of the volume-based purchasing policy in 2020 for microtubule inhibitor drugs, such as paclitaxel injection, docetaxel injection, and paclitaxel albumin-bound injection, led to a significant price reduction of these drugs, with a decrease ranging from 60% to 90% compared to the prices before the policy was put into effect. Although, the sales volume of these drugs experienced a steady growth during the following years, the overall market was still negatively impacted. Specifically, the decline in market size in 2022 was primarily attributable to the sales of docetaxel injection and paclitaxel injection. In particular, due to the impact of the volume-based purchasing policy, the overall sales of docetaxel decreased by 70%, representing a reduction of approximately RMB2.0 billion compared to 2021. Similarly, in the renewal of paclitaxel albumin-bound VBP in numerous provinces in China in 2023, the price of selected varieties was further reduced by about 80%. Even though the penetration rate of paclitaxel albumin-bound in cancer patients is growing rapidly, the market size of microtubule inhibitors in China has further declined in 2023 due to the sharp drop in the prices of traditional taxanes. With the continuing increase in the sales volume of innovative dosage forms of taxanes and the introduction of newly developed microtubule inhibitors, the market size is expected to experience growth once again, reaching an estimated RMB18.1 billion by 2030, at a CAGR of 12.2% from 2023. The chart below illustrates historical and projected market size of microtubule inhibitor drug in China for the periods indicated:



Source: Frost & Sullivan Analysis

Comparison of Microtubule Inhibitor Chemotherapy Drugs

The following table sets forth the details of approved microtubule inhibitor chemotherapy drugs in China[1]:

Category	Generic Name	Company	Approval Date	Main Indications	NRDL Inclusion	2023 Revenue/ Billion RMB
Taxanes	Paclitaxel	BMS	1996	Ovarian cancer, breast cancer, non-small cell lung cancer, Kaposi sarcoma	Class A	7.0
	Docetaxel	Sanofi	1997	Breast cancer, non-small cell lung cancer, gastric cancer, prostate cancer	Class B	
	Paclitaxel liposomes	Luye pharma	2003	Ovarian cancer, breast cancer, non-small cell lung cancer	Class B	
	Paclitaxel (albumin-bound)	Celgene/Beigene	2008	Breast cancer	Class B	
	Paclitaxel polymer micelles	Yizhong Pharmaceutical	2021	Non-small cell lung cancer	N/A	
Epothilones	Utidelone	Biostar Pharmaceutical	2021	Breast cancer	Class B	0.1
Halichondrin B	Eribulin	Eisai	2019	Breast cancer	Class B	0.1
Vinca Alkaloids	Vinblastine	Eli Lilly	1996	Hematological and solid tumors	N/A	1.0
	Vincristine	Eli Lilly	1982	Hematological and solid tumors	Class A	
	Vindesine	Sanofi	1995	Malignant tumors	Class B	
	Vinorelbine	Pierre Fabre	1999	Breast cancer, non-small cell lung cancer	Class B	
	Vinorelbine (soft capsules)	Pierre Fabre	2006[2]	Breast cancer, non-small cell lung cancer	Class B	

Source: NMPA, Frost & Sullivan Analysis

Notes:

1. As of May 31, 2024, only companies of original drugs were included. For some products that have been on the market for a long time, the approval date is the earliest date that can be traced back to.

2. The generic drug of vinorelbine soft capsule was approved in China in 2006, prior to the approval of its original drug in China, which occurred in 2014, and its original drug was first approved in France in 2001.

The following table sets forth the details of approved microtubule inhibitor chemotherapy drugs in the United States[1]:

Category	Generic Name	Company	Approval Date	Main Indications
Taxanes	Paclitaxel	BMS	1992	Breast cancer
	Docetaxel	Sanofi	1996	Breast cancer, non-small cell lung cancer, gastric cancer, prostate cancer
	Paclitaxel (albumin-bound)	Celgene	2005	Breast cancer, non-small cell lung cancer, pancreatic cancer
	Cabazitaxel	Sanofi	2010	Prostate cancer
Epothilones	Ixabepilone	BMS	2007	Breast cancer
Halichondrin B	Eribulin	Eisai	2010	Breast cancer, liposarcoma
Vinca Alkaloids	Vinblastine	Eli Lilly	1965	Hematological and solid tumors
	Vincristine	Eli Lilly	1963	Hematological and solid tumors
	Vindesine	Sanofi	1995	Malignant tumors
	Vinorelbine	Pierre Fabre	1994	Non-small cell lung cancer

Note:

1. As of May 31, 2024, only companies of original drugs were included. For some products that have been on the market for a long time, the approval date is the earliest date that can be traced back to.

According to Frost & Sullivan, taxanes stand as classical chemotherapy drugs in cancer treatment and achieved sales of approximately RMB7.0 billion in China in 2023, which positioned them as the top-grossing chemotherapy drugs domestically. However, with the continuous advancements in cancer treatment and the emergence of innovative drugs, taxanes are encountering increasing challenges.

For example, Utidelone Injection, developed by a domestic company and approved by the NMPA in 2021, marks a milestone by introducing a new molecular structure in microtubule inhibitor chemotherapy drugs, ending a period of over ten years during which no such advancements were made globally. Utidelone stands out from taxanes due to its unique tubulin binding sites, chemical structures, and additional characteristics. For example, Utidelone does not bind to the P-glycoprotein on the tumor cell membrane, hence not susceptible to P-glycoprotein mediated efflux. As a result, Utidelone is less likely to be pumped out from cells. It could also block the activation of ERK1/2 and AKT, proteins that help cancer cells grow and survive. Furthermore, it could help reduce the levels of Bcl-2, a protein that prevents cancer cells from

dying. It has shown advantages in various aspects, such as efficacy, safety profile, drug resistance, anti-cancer spectrum, and production method. Additionally, its ability to cross the blood-brain barrier holds the potential for preventing and treating brain metastases.

Oral Microtubule Inhibitor

Compared to injections, orally administered microtubule inhibitors exhibit greater convenience and patient adherence, allowing patients to take medication at home and reducing the need for in-person care, thereby optimizing healthcare resources. As of May 31, 2024, oral microtubule inhibitor drugs approved for marketing included (i) paclitaxel oral liquid (DHP-107), which was only approved in South Korea in 2006, and (ii) vinorelbine tartrate soft capsule, which was first approved in France in 2001. However, the bioavailabilities of these drugs are approximately 23% and 33%, respectively, which are considered relatively low. A drug with lower bioavailability requires patients to take a larger dose to achieve the desired efficacy, and the increased dosage can lead to greater toxicity, consequently reducing the drug's safety profile. Therefore, these approved oral microtubule inhibitor drugs may pose safety risks to patients, limiting their market potential.

SELECTED INDICATION ANALYSIS

Breast Cancer

Overview

Breast cancer, which forms in the cells of breasts, is the most prevalent type of cancer in women worldwide.

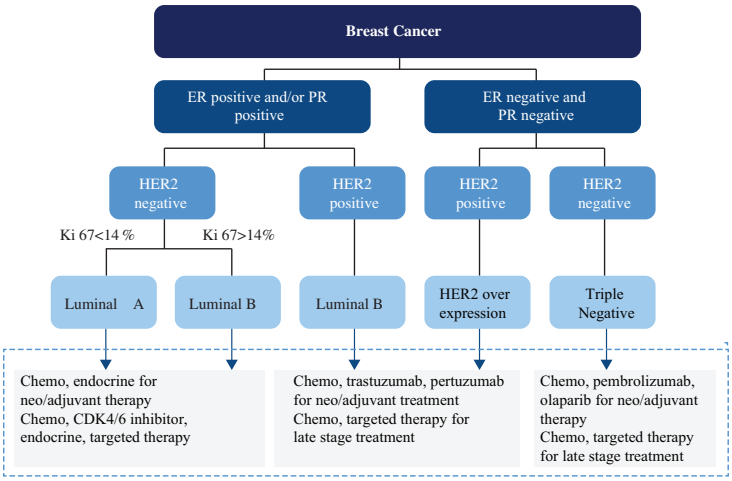
According to Frost & Sullivan, the global incidence of advanced breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen increased from 482.2 thousand to 560.4 thousand with a CAGR of 3.0% from 2018 to 2023. The number is projected to reach 634.7 thousand in 2027 and 704.9 thousand in 2030 with a CAGR of 3.2% and 3.6% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, in China, the incidence of advanced breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen increased from 71.4 thousand to 85.0 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 93.3 thousand in 2027 and 99.3 thousand in 2030 with a CAGR of 2.4% and 2.1% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the global incidence of advanced breast cancer increased from 451.2 thousand to 520.1 thousand with a CAGR of 2.9% from 2018 to 2023. The number is projected to reach 585.4 thousand in 2027 and 647.0 thousand in 2030 with a CAGR of 3.0% and 3.4% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of advanced breast cancer in China increased from 69.4 thousand to 78.9 thousand with a CAGR of 2.6% from 2018 to 2023. The number is projected to reach 86.1 thousand in 2027 and 91.1 thousand in 2030 with a CAGR of 2.2% and 1.9% from 2023 to 2027 and from 2027 to 2030, respectively.

Breast cancer can be classified into four genotypes in the United States based on the expression level of hormone receptor (HR) and epidermal growth factor receptor-2 (HER2), and HR includes estrogen receptor (ER) and progesterone receptor (PR). The chart below illustrates the genotypes of breast cancer and the therapies adopted:



Source: Literature Review, Frost & Sullivan analysis

Note: ER refers to estrogen receptor; PR refers to progesterone receptor.

According to the CSCO guidelines, breast cancer in China is primarily classified into three types: (i) HER2+ breast cancer, which involves breast cancer cells that have an excess of the HER2 protein on their surface and accounts for approximately 20% of breast cancers in terms of incidence; (ii) HR+/HER2- breast cancer, which is characterized by cancer cells that have receptors for hormones like estrogen and progesterone and accounts for approximately 65% of breast cancers in terms of incidence; and (iii) TNBC, which lacks estrogen receptors, progesterone receptors, and HER2 protein and accounts for approximately 15% of breast cancers in terms of incidence. TNBC tends to be more aggressive and has fewer treatment options compared to other types. The CSCO guidelines recommend Utidelone Injection in combination with capecitabine, for TNBC patients who have failed anthracycline or taxane treatment, along with twelve other treatment options. And according to the CSCO guidelines, the chemotherapy regimen for ER+ and/or PR+ patients refers to TNBC. HER2+ patients may choose to use chemotherapy drugs (including Utidelone) in combination with monoclonal antibody drugs (such as trastuzumab + pertuzumab) or TKI (pyrotinib), especially those who have failed trastuzumab or TKI treatment. Accordingly, other subtypes of breast cancer can also be treated by Utidelone in advanced stage.

Utidelone Injection was approved by the NMPA for the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine, and it was also included in the NRDL for relapsed or metastatic breast cancer with at least one previous chemotherapy regimen, without restrictions on its application to specific subtypes of advanced breast cancer.

The chart below illustrates the therapies adopted for early-stage breast cancer from CSCO:

Indication	Neoadjuvant Treatment			
HER2 +	• TCbHP • THP× 6 • THP× 4	• TH+ Pyrotinib • AC-THP • H+TKI	• ADC drugs	
HER2 -	• TAC • AT	• TPt • Pembrolizumab + TPt	• AC-T • AC-TPt	
ER + and/or PR +	Chemotherapy	• TAC	• AT	• AC-T
	Endocrine therapy – After Menopause	• AI	• AI + CDK4/6i	• F
	Endocrine therapy – Before Menopause	• OFS + AI	• OFS + AI + CDK4/6i	

Indication	Adjuvant Treatment			
HER2 +	• AC-THP • TCbHP • AC-TH	• TCbH • TC+H • wTH	• H + Endocrine therapy • Neratinib	
HER2 -	• AC-T • ddAC-ddT • TAC • TPt	• AC-TPt • FEC -T • TC× 4 • AC	• TC× 6 • Oraparib	
ER + and/or PR +	Chemotherapy	• AC-T • ddAC -ddT • TAC	• FEC -T • TC× 4 • AC	• TC× 6
	Endocrine therapy – After Menopause	• AI +Abemaciclib • AI	• TAM + Abemaciclib • TAM + AI	• TAM
	Endocrine therapy – Before Menopause	• OFS + AI + Abemaciclib • OFS + AI	• OFS +TAM • TAM	• OFS + TAM + Abemaciclib

Source: CSCO 2023, Frost & Sullivan Analysis

The chart below illustrates the therapies adopted for advanced breast cancer from CSCO[1]:

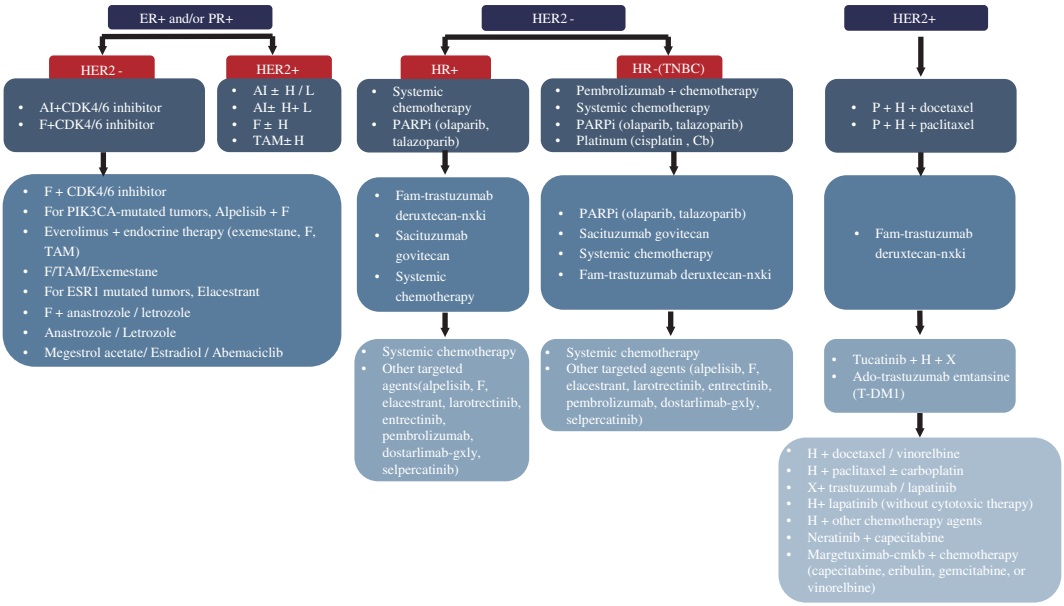
Indication	Treatment				
HER2 +	Sensitive to H therapy	• THP • TH+Pyrotinib	• TXH • H+ Chemo	• Pyrotinib+ X • HP+ Chemo	
	After the treatment failure of H	• Pyrotinib+ X • T-DM1 • T-Dxd	• Nerlynx+ X • Margetuximab+ Chemo • Lapatinib+ X	• TKI+ Chemo • HP+ Chemo	
	After the treatment failure of TKI	• T-Dxd • HP+ Chemo	• T-DMI • Clinical research	• Another TKI + Chemo	
HER2 -	After First Line Treatment Systemic therapies – Sensitive to taxane therapy	• Paclitaxel albumin/docetaxel/ paclitaxel • TX • GT	• TPt • X • N • G • Etoposide	• Paclitaxel-albumin+ PD-1 inhibitor •T+Bevacizumab •LD	• Paclitaxel Liposome • Olaparib • Chemo+ PD-1 inhibitor
	After First Line Treatment Systemic therapies – After the treatment failure of taxane	• Eribulin/X/N/G • NPt • GPt • NX • UTD1+X	• Sacituzumab govitecan-hziy/Paclitaxel-albumin/Etoposide • Bevacizumab +X • Paclitaxel-albumin +	Chemotherapeutic drug • LD • Paclitaxel Liposome • Olaparib • Chemo+ PD-1 inhibitor	
ER + and/or PR +	Without prior endocrine therapy	• AI+ Abemaciclib/Palbociclib • AI+Ribociclib	• AI • F	• F+CDK4/6 inhibitor • TAM	
	After the treatment failure of TAM	• AI+Abemaciclib/Palbociclib • AI	• AI+ Chidamide / Ribociclib/ Dalpicilib/ Everolimus	• F	
	After the treatment failure of NSAI	• F+Abemaciclib/ Palbociclib/Dalpicilib	• SAI+Chidamide/ Everolimus	• F+ Ribociclib • F/SAI	• TAM/toremifene • Progestogen
	After the treatment failure of SAI	• F+Abemaciclib/Dalpicilib/ Palbociclib • F+ Ribociclib /Everolimus	• F/NSAI • NSAI+CDK4/6 inhibitor • TAM/toremifene	• Progestogen	
	After the treatment failure of CDK4/6i	• Chidamide/Everolimus/ Alpelisib+Endocrine therapy	• Another CDK4/6 inhibitor+ Endocrine therapy	• Toremifene • Progestogen	
	Salvage chemotherapy	• Paclitaxel-albumin/docetaxel/ paclitaxel/liposomal paclitaxel	• X/G/LD/Vinorelbine • Cb/UTD1/Eribulin		

Source: CSCO 2023, Frost & Sullivan Analysis

Note: dd=Dose-dense; wTH=weekly paclitaxel + trastuzumab; OFS=ovarian function suppression;
Chemotherapy: T=docetaxel, paclitaxel and albumin-bound paclitaxel; A= Anthracyclines, including Epirubicin, Doxorubicin, Pirarubicin; E=Epirubicin; X=capecitabine; N=navelbine; Cb=carboplatin; G=gemcitabine; LD=liposomal doxorubicin; C=Cyclophosphamide; Pt=Platinum-based drugs (Cisplatin, Carboplatin); UDT1=Utidelone injection;
Therapeutic antibody: H=trastuzumab; P=pertuzumab;
Endocrine Therapy: AI=Aromatase inhibitor; F=fulvestrant; TAM=tamoxifen;
Small molecule targeted drug: CDK4/6 inhibitor includes ribociclib, abemaciclib, palbociclib; L=lapatinib.

Anthracyclines and taxanes are the most important and commonly used chemotherapy drugs in treating both early and advanced breast cancers. Utidelone is an important drug for the treatment of advanced breast cancer after failure of previous anthracyclines or taxanes treatment, and it has better anti-tumor activity and safety profile than other chemotherapy drugs. In addition, compared to other antibodies and small molecule targeted drugs, Utidelone is less prone to induce drug resistance and has the potential to treat patients with brain metastases. Furthermore, patients can purchase Utidelone Injection at a more affordable price.

The chart below illustrates the therapies adopted for advanced breast cancer from NCCN[1]:



Source: NCCN 2023, Frost & Sullivan Analysis

Note: Chemotherapy: T=docetaxel, paclitaxel and albumin-bound paclitaxel; X=capecitabine; N=navelbine; Cb=carboplatin; G=gemcitabine; LD=liposomal doxorubicin;
Therapeutic antibody: H=trastuzumab; P=pertuzumab;
Endocrine Therapy: AI=Aromatase inhibitor; F=fulvestrant: TAM=tamoxifen;
Small molecule targeted drug: CDK4/6 inhibitor includes ribociclib, abemaciclib, palbociclib; L=lapatinib.

The NCCN guidelines typically include treatments that have been approved by the FDA, ensuring that the recommended therapies have undergone rigorous evaluation for safety and efficacy. Since Utidelone Injection is still under research and development for breast cancer in the United States, it is less likely to be included in the NCCN guidelines.

The following table sets forth the comparison of different treatment therapies for breast cancer, while the categories of therapy used in neoadjuvant treatment are almost the same as advanced breast cancer:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can treat both primary and metastatic lesions. • can be used as the neo adjuvant treatment, adjuvant treatment, or the treatment for advanced breast cancer • The cost of chemotherapy for patients is relatively low.	• Side effects • Non-specific drug exposure to off-target tissues.	• Chemotherapy drugs such as Anthracyclines (Doxorubicin, Epirubicin, etc.) and platinum-based drugs are widely used in the treatment of advanced breast cancer.
Microtubule inhibitor	Microtubule inhibitors can inhibit tumor proliferation by inhibiting the polymerization or depolymerization of microtubules.	• For cancer cells that proliferate faster than most normal cells, microtubule inhibitors can preferentially kill cancer cells. • effective in the treatment of various tumors at different stages • has broad-spectrum anti-cancer potential	• Lack of targeting • Toxic side effects • Usually require injection.	• Microtubule inhibitors such as taxanes（albumin-bound paclitaxel, paclitaxel, and Docetaxel), vinca alkaloids, eribulin and utidelone are widely used in the treatment of advanced breast cancer.
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation	• Treatments for HER2-positive breast cancer includes Trastuzumab , Pertuzumab, PD-1 inhibitors, etc.
ADC	ADCs are composed of an antibody linked to a toxic payload, allowing precise killing of tumor cells.	• highly specific targeting ability • highly potent killing effect to achieve accurate and efficient elimination of cancer cells.	• Off-target effects and complexity in pharmacokinetic • Usually cost a relatively high price • Usually require injection	• Trastuzumab deruxtecan and ado-trastuzumab emtansine (T-DM1) are the ADC therapy for HER2-positive breast cancer.
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally • Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance	• Pyrotinib, neratinib, tucatinib, palbociclib are the recommended treatment for HER2-positive breast cancer.

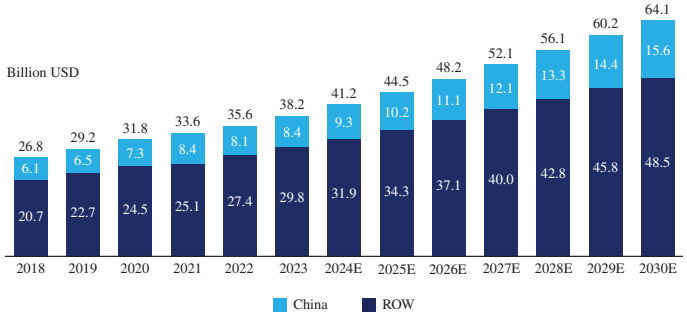
Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for neoadjuvant and adjuvant treatments include drugs such as taxane, trastuzumab, pertuzumab, platinum, and anthracycline; the standard of care for HER2+ breast cancer includes taxane and trastuzumab combined with pertuzumab/pyrotinib; the standard of care for HER2- breast cancer includes taxane monotherapy and taxane in combination with capecitabine/gemcitabine/platinum/PD-1; the standard of care for ER+ and/or PR+ breast cancer includes chemotherapy (as salvage therapy), CDK4/6i in combination with aromatase inhibitor or fulvestrant.

Market Size

The chart below illustrates historical and projected market size of breast cancer drug in China and around the world for the periods indicated:

CAGR	China	ROW	Total
2018-2023	6.8%	7.6%	7.4%
2023-2027E	9.6%	7.6%	8.1%
2027E-2030E	8.7%	6.7%	7.1%



Source: Frost & Sullivan analysis

The volume-based procurement policy had a negative impact on the sales of traditional chemotherapy drugs and certain TKIs. However, the introduction of numerous new innovative chemical molecules and antibody drugs (as well as biosimilars) has significantly mitigated the impact of the policy on breast cancer market size. The market share of microtubule inhibitor drugs in the treatment of breast cancer in China decreased from 11.0% in 2018 to 8.2% in 2023, mainly due to the impact of the VBP policy on the prices of multiple taxanes, especially paclitaxel albumin-bound, which dropped significantly in 2020 and 2023. Furthermore, the approval of other treatment therapies also contributed to the decline in market share of microtubule inhibitor drugs.

In 2023, the treatment rate of breast cancer was approximately 90%, with annual treatment cost ranging from RMB16 thousand to RMB570 thousand.

Competitive Landscape

As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our products or product candidates, for breast cancer, there were 22 drugs approved globally, including 18 in China. There were seven microtubule inhibitor chemotherapy drugs approved globally for the treatment of breast cancer, and NMPA had approved a total of five microtubule inhibitor drugs for breast cancer (including eight formulations). As the development of new microtubule inhibitor drugs have proven to be challenging, most microtubule inhibitor drugs on the market were approved long time ago. In recent ten years, only two innovative drugs, namely eribulin and Utidelone, have been launched. The microtubule inhibitor drugs for advanced breast cancer in China mainly include docetaxel, paclitaxel, vinorelbine, eribulin, Utidelone. The table below summarizes all approved microtubule inhibitor drugs (including different formulations) for the treatment of breast cancer in China[1]:

Analysis of Approved microtubule Inhibitor Drugs (Including Different Formulations) for the Treatment of Breast Cancer in China

Generic Name	Brand Name	Company	Approval Date	NRDL	2023 Median Price/RMB	2023 Median Treatment Cost/ RMB	Route of administration	Approved indication
Docetaxel	TAXOTERE	Sanofi	1997	Class B	910 (0.5ml:20mg)	43,680	Injection	Locally advanced or metastatic breast cancer; HER2 overexpression metastatic breast cancer; combination adjuvant therapy for lymph nodes positive breast cancer (1L)
Paclitaxel	TAXOL	BMS	1999	Class A	489 (5ml:30mg)	39,146	Injection	Recurrent or metastatic breast cancer (≥1L)
Vinorelbine	NAVELBINE	Pierre Fabre	2000	Class B	283 (1ml:10mg)	34,020	Injection	Metastatic breast cancer (1L)
Paclitaxel liposome	LIPUSU	Luye pharma	2003	Class B	228 (30mg)	16,416	Injection	Recurrent breast cancer (≥1L)
Paclitaxel (albumin-bound)	ABRAXANE	Celgene/Beigene	2008	Class B	NA	NA	Injection	Recurrent or metastatic breast cancer (≥1L)
Vinorelbine (soft capsules)	NAVELBINE	Pierre Fabre	2014	Class B	780 (20mg)	131,070	Oral	Metastatic breast cancer (1L)
Eribulin	HALAVEN	Eisai	2019	Class B	726 (2ml:1mg)	33,594	Injection	Locally advanced, or metastatic breast cancer (≥2L)
Utidelone	YOUTIDI	Biostar pharmaceutical	2021	Class B	908 (5ml:50mg)	36,320	Injection	Advanced breast cancer (anthracycline or taxane previously treated)

Source: NMPA, Company Website, Frost & Sullivan Analysis

Notes:

1. As of May 31, 2024, only the brand name, company and treatment cost of the original drug are included.
2. The annual treatment cost is estimated based on an average body surface area of $1.6m^2$ and 8 treatment cycles per year. The unit price is calculated based on the pre-medical insurance price of the original drug, and free drugs are not considered.
3. The generic drug of vinorelbine soft capsules was approved in 2006 before the original drug, and the original drug was approved in China in 2014.
4. In 2020, NMPA decided to suspend the import, sale and use of Celgene/Beigene's paclitaxel for injection (albumin-bound) because some key production facilities of the product did not meet the basic requirements for China's pharmaceutical production quality management. In 2024, NMPA has re-approved imports.
5. ≥1L: first line treatment or second line treatment.

As of May 31, 2024, a total of five microtubule inhibitor drugs had been approved by the FDA for the treatment of breast cancer. The microtubule inhibitor drugs for advanced breast cancer in the United States mainly include vinorelbine, docetaxel, paclitaxel, ixabepilone and eribulin. The table below summarizes all the approved microtubule inhibitor drugs (including different formulations) for the treatment of breast cancer in the United States:

Generic Name	Brand Name	Company	Approval Date
Vinorelbine	NAVELBINE	Pierre Fabre	1994
Docetaxel	TAXOTERE	Sanofi	1996
Paclitaxel	TAXOL	BMS	1992
Paclitaxel (albumin-bound)	ABRAXENE	Celgene	2005
Ixabepilone	IXEMPRA	BMS	2007
Eribulin	HALAVEN	Eisai	2010

Source: FDA, Company Website, Frost & Sullivan Analysis

The table below summarizes other representative approved drugs for the treatment of breast cancer in China[1]:

Drug Type	Generic Name	Brand Name	Company	Approval Date	NRDL	2023 Median Price/RMB	2023 Median Treatment Cost/RMB[2]	Route of administration	Approved indication
Chemotherapy drug	Capecitabine	Xeloda	Roche	2007	Class B	264(0.5g)	19,731	Oral	Metastatic breast cancer (2L)
Chemotherapy drug	Gemcitabine	Gemzar	Eli Lilly	1999	Class B	272(0.2g)	43,592	Injection	Unresectable locally recurrent or metastatic breast cancer (2L)
Small molecule drug	Fulvestrant	Faslodex	AstraZeneca	2010	Class B	2,306(0.25g)	32,284	Injection	ER+ Advanced or metastatic breast cancer (1L)
Antibody drug	Trastuzumab	Herceptin	Roche	2002	Class B	7,600(0.44g)	83,600	Injection	Metastatic breast cancer, adjuvant therapy for HER2+ early-stage breast cancer (1L)
Antibody drug	Pertuzumab	Perjeta	Roche	2018	Class B	4,955(0.42g)	94,145	Injection	Combination adjuvant or neo-adjuvant therapy for HER2+ early-stage breast cancer; metastatic breast cancer (1L)
Small molecule targeted drug	Palbociclib	Ibrance	Pfizer	2018	Class B	440(0.075g)	200,277	Oral	HR+ and HER2- advanced or metastatic breast cancer (1L)
ADC drug	fam-trastuzumab deruxtecan-nxki	Enhertu	AstraZeneca/ Daiichi	2023	NA	8,860(0.1g)	567,040	Injection	HER2+ breast cancer and HER2- low breast cancer (2L)

Source: NMPA, Company Website, Frost & Sullivan Analysis

Notes:

1. As of May 31, 2024, only brand name, company, and treatment cost of original drug had been included.
2. The median treatment cost was estimated based on an assumed average body surface area of $1.6m^2$ and eight treatment cycles per year. The median treatment cost is calculated without consideration to medical insurance and free medication.

3. The selection of representative drug examples mainly depends on the treatment paradigm and Grade I drugs recommended by CSCO guidelines, prescribing habits of clinical physicians, the importance of the therapeutic status in different drug classes, and frequency of use by patient subgroups. In addition, the selected drugs also cover other types of drugs approved for the treatment of breast cancer, including chemotherapy drugs, antibody drugs, small molecule targeted drugs and ADC drugs, in addition to microtubule inhibitors. For example, trastuzumab and pertuzumab are used as the standard therapy for both early-stage and advanced-stage HER2+ breast cancer patients. In addition to Utidelone, there is a total of 17 chemotherapy drugs, five small molecule targeted drugs, six antibody drugs and three ADC drugs approved for the treatment of breast cancer in China.

The microtubule inhibitor drug candidates currently being developed in China for the treatment of breast cancer mainly include new formulations of existing drugs, such as micelle, liposome, and oral formulation. Among them, the oral formulation has great potential because it greatly improves the convenience of administration. As of May 31, 2024, except for China, there were no microtubule inhibitor candidate in phase III clinical trial, and the table below summarizes the microtubule inhibitor drug candidates in phase II clinical trial or later in China for the treatment of breast cancer:

Dosage Form	Drug Name	Company	Clinical Stage	First Post Date
Injection	Docetaxel albumin-bound for injection/HB1801	CSPC Zhongqi Pharmaceutical	Phase III	2023-05-12
Injection	Vinflunine tartrate concentrated solution for injection	Tigermed	Phase III	2013-11-15
Oral	RMX3001/DHP107	Daehwa Pharmaceutical/ Haihe Biopharm	Phase III	2019-03-12
Injection	Paclitaxtide for injection	Yuansheng Biopharm	Phase II	2014-02-21
Injection	Paclitaxel polymer micelles for injection	Main Luck Skywing Pharmatech	Phase II	2015-05-11

Source: CDE, Frost & Sullivan Analysis

Brain Metastasis

According to Frost & Sullivan, the global incidence of breast cancer brain metastasis increased from 261.1 thousand to 301.0 thousand with a CAGR of 2.9% from 2018 to 2023. The number is projected to reach 338.7 thousand in 2027 and 374.4 thousand in 2030 with a CAGR of 3.0% and 3.4% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of breast cancer brain metastasis in China increased from 40.1 thousand to 45.6 thousand with a CAGR of 2.6% from 2018 to 2023. The number is projected to reach 49.8 thousand in 2027 and 52.7 thousand in 2030 with a CAGR of 2.2% and 1.9% from 2023 to 2027 and from 2027 to 2030, respectively.

The likelihood of developing brain metastases for aggressive breast cancer subtypes such as HER2+ and TNBC ranges from 14% to 38%. In the past, it was thought that macromolecular drugs, such as trastuzumab, could not cross blood-brain barrier, resulting in low intracranial drug

concentrations and limited efficacy. As a result, local therapies such as surgery, stereotactic radiation therapy, and whole-brain radiation therapy are considered the gold standard. Nonetheless, the survival period for patients with breast cancer brain metastases remains short. The median survival period after being diagnosed with breast cancer brain metastasis is about 7.2 months, and for those with TNBC brain metastasis, it is around 3.5 months only. In 2020, tucatinib (developed by Seattle Genetics, Inc.) was approved by the FDA for marketing and standed as the sole FDA-approved drug indicated for use in combination with trastuzumab and capecitabine for treating adult patients with advanced unresectable or metastatic HER2+ breast cancer, including those with brain metastases, who have previously undergone one or more anti-HER2- based regimens in the metastatic setting. In 2023, the FDA granted accelerated approval to tucatinib in combination with trastuzumab for RAS wild-type HER2+ unresectable or metastatic colorectal cancer that has progressed following fluoropyrimidine-, oxaliplatin-, and irinotecan-based chemotherapy. It is also noted that HER2+ breast cancer only accounts for approximately 20% of breast cancers in terms of incidence. The sales revenue of tucatinib in 2022 reached US$353 million. Since Seattle Genetics was acquired by Pfizer in late 2023, its latest published financial report only covered the nine months ended September 30, 2023. For the nine months ended September 30, 2023, its sales revenue reached US$288 million, representing an 8% increase compared to the same period in 2022. The increase reflects volume growth driven by the important role it serves in the treatment of HER2+ metastatic breast cancer, as well as contributions from its approved colorectal cancer indication.

However, as of May 31, 2024, there had been no approved drug for the treatment of breast cancer brain metastasis in China. The primary challenge lies in the limited use of chemotherapy for treating brain metastases, attributed to the blood-brain barrier — a natural filter between the blood and the brain that safeguards the brain from harmful substances. Consequently, there is an urgent demand for more effective treatments for patients with breast cancer brain metastases.

Neoadjuvant Treatment for Breast Cancer

According to Frost & Sullivan, the global incidence of breast cancer suitable for neoadjuvant therapy increased from 392.7 thousand to 500.9 thousand with a CAGR of 5.0% from 2018 to 2023. The number is projected to reach 607.0 thousand in 2027 and 706.9 thousand in 2030 with a CAGR of 4.9% and 5.2% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of breast cancer suitable for neoadjuvant therapy in China increased from 60.4 thousand to 75.9 thousand with a CAGR of 4.7% from 2018 to 2023. The number is projected to reach 89.3 thousand in 2027 and 99.6 thousand in 2030 with a CAGR of 4.1% and 3.7% from 2023 to 2027 and from 2027 to 2030, respectively.

Neoadjuvant treatment for breast cancer can help patients in reducing distant recurrence, allowing patients to start systemic treatment earlier and reducing their tumor stages. Neoadjuvant treatment for HER2+ breast cancer typically involves a combination of chemotherapy and targeted monoclonal antibodies (trastuzumab and pertuzumab). Neoadjuvant treatment for TNBC consists of chemotherapy or a combination of chemotherapy (paclitaxel, docetaxel, paclitaxel albumin, carboplatin, doxorubicin) or a combination of chemotherapy with monoclonal antibodies (pembrolizumab). For HR+ patients, chemotherapy (paclitaxel, docetaxel, paclitaxel albumin, doxorubicin) is the primary option for neoadjuvant treatment.

NSCLC

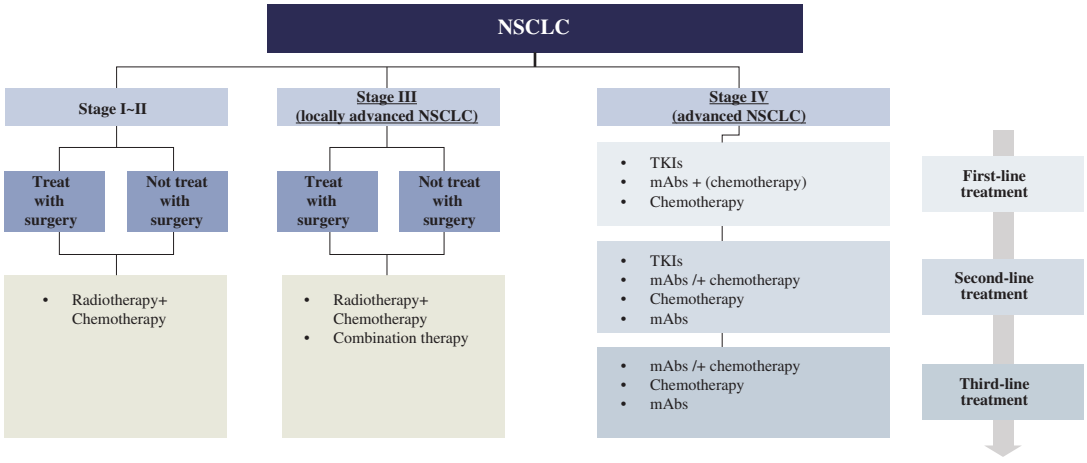
Overview

Lung cancer is one of the leading causes of cancer-related mortality in China and worldwide. NSCLC is the most prevalent lung cancer and accounts for approximately 85% of all lung cancer cases.

According to Frost & Sullivan, the global incidence of advanced NSCLC increased from 1,197.8 thousand to 1,377.6 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 1,537.0 thousand in 2027 and 1,660.1 thousand in 2030 with a CAGR of 2.8% and 2.6% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of advanced NSCLC in China increased from 513.5 thousand to 588.4 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 652.1 thousand in 2027 and 698.5 thousand in 2030 with a CAGR of 2.6% and 2.3% from 2023 to 2027 and from 2027 to 2030, respectively.

The chart below illustrates the therapies adopted for NSCLC from CSCO:

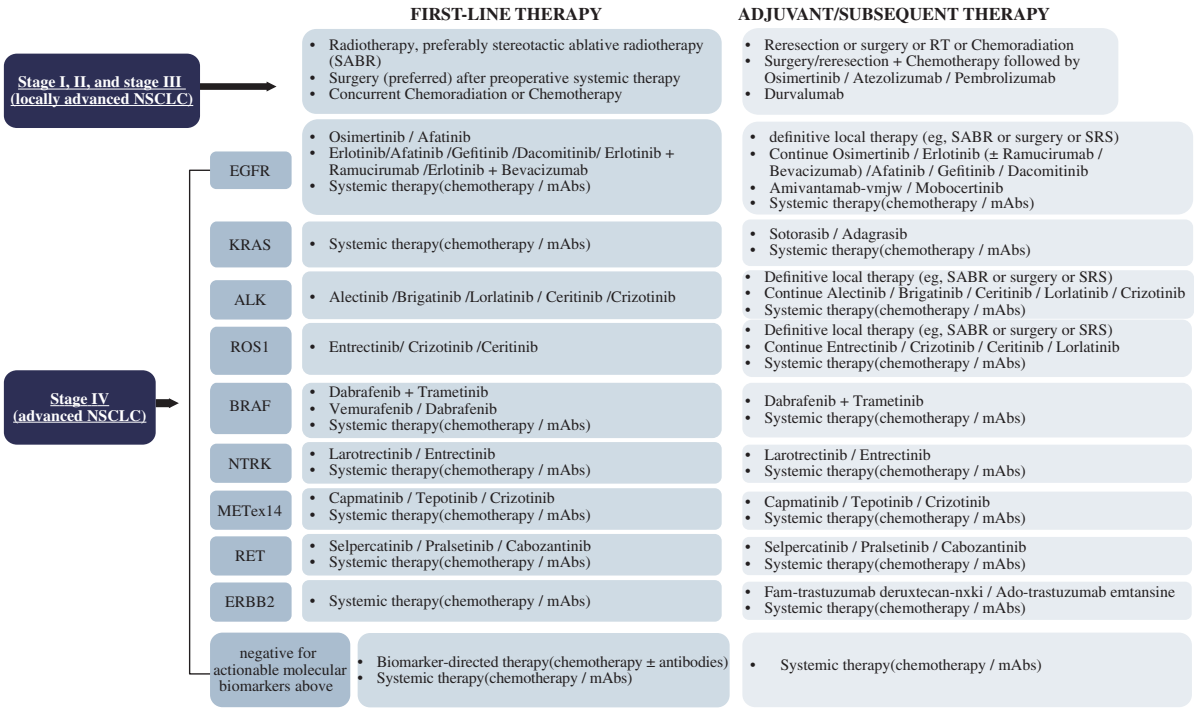


Source: CSCO 2023, Frost & Sullivan Analysis

Note: TKI refers to tyrosine kinase inhibitor.

In the treatment of NSCLC, TKI therapy is only available for patients with driver mutations, who make up approximately 80% of all cases. In contrast, chemotherapy is available for all NSCLC patients, thus enjoying a broader market presence.

The chart below illustrates the therapies adopted for NSCLC from NCCN:



Source: NCCN 2023, Frost & Sullivan Analysis

The following table sets forth the comparison of different treatment therapies for NSCLC:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can treat both primary and metastatic lesions • the cost of chemotherapy for patients is relatively low	• Side effects • Non-specific drug exposure to off-target tissues.	• Platinum-based chemotherapy drugs are widely used in the treatment of NSCLC.
Microtubule inhibitor	Microtubule inhibitors can inhibit tumor proliferation by inhibiting the polymerization or depolymerization of microtubules.	• for cancer cells that proliferate faster than most normal cells, microtubule inhibitors can preferentially kill cancer cells • effective in the treatment of various tumors at different stages • has broad-spectrum anti-cancer potential	• Lack of targeting • Toxic side effects • Usually require injection.	• Microtubule inhibitors such as taxanes (paclitaxel, paclitaxel liposome/polymer micelle) and vinorelbine are widely used in the treatment of NSCLC.

Category	Features	Advantages	Shortcomings	Indication Examples
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation.	• Bevacizumab, PD-1 (Nivolumab, Pembrolizuma), and PD-L1 (Atezolizumab, Durvalumab) therapy are used for non-small cell lung cancer (NSCLC) treatment.
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally. • Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance	• Small molecule drugs play an important role in lung cancer, such as Osimertinib, Gefitinib, Crizotinib, Ceritinib, etc.

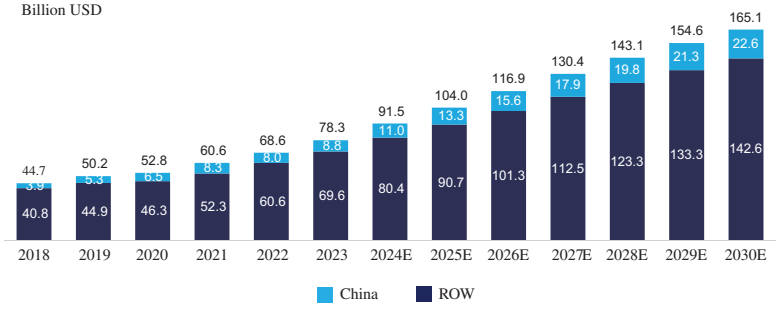
Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for NSCLC in stage I-III includes surgery plus/or chemoradiotherapy; the standard of care for NSCLC in stage IV includes TKI or chemotherapy or antibody drugs (Different drugs are used according to different mutations).

Market Size

The chart below illustrates historical and projected market size of NSCLC drug in China and around the world for the periods indicated:

CAGR	China	ROW	Total
2018-2023	17.8%	11.3%	11.9%
2023-2027E	19.5%	12.8%	13.6%
2027E-2030E	8.0%	8.2%	8.2%



Source: Frost & Sullivan Analysis

The volume-based procurement policy had a negative impact on the sales of traditional chemotherapy drugs and certain TKIs. However, the introduction of numerous new innovative chemical molecules and antibody drugs (as well as biosimilars) has significantly mitigated the impact of the policy on NSCLC market size. However, the market share of microtubule inhibitor drugs in the treatment of NSCLC in China declined from 15.6% in 2018 to 3.9% in 2023. This decrease was primarily attributable to price negotiations and the implementation of the volume-based procurement policy, leading to substantial reductions in the prices of paclitaxel injection and paclitaxel liposome. Despite an increase in their sales volume, it was insufficient to offset the impact of these price reductions. Furthermore, the approval of other treatment therapies also contributed to the decline in market share of microtubule inhibitor drugs.

In 2023, the treatment rate of NSCLC was approximately 90%, with annual treatment cost ranging from RMB2 thousand to RMB360 thousand.

Competitive Landscape

As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our products or product candidates, for NSCLC, there were eight drugs approved globally, including six in China; there were nine product candidates in phase III or later globally, including five in China. For NSCLC, there were three microtubule inhibitor chemotherapy drugs approved globally, with all three approved in China including docetacel, vinorelbine and paclitaxel. Most microtubule inhibitor drugs have been approved for a long time, and there is an urgent need for new microtubule inhibitor drugs. The table below summarizes all the approved microtubule inhibitor drugs including different formulations for the treatment of NSCLC in China[1]:

Generic Name	Brand Name	Company	Approval Date	NRDL	2023 Median Price/RMB	2023 Median Treatment Cost/RMB[2]	Route of administration	Approved indication
Docetaxel	TAXOTERE	Sanofi	1997	Class B	910 (0.5ml:20mg)	43,680	Injection	Locally advanced or metastatic NSCLC (1L)
Vinorelbine	NAVELBINE	Pierre Fabre	1999	Class B	283 (1ml:10mg)	34,020	Injection	NSCLC (1L)
Paclitaxel	TAXOL	BMS	1999	Class A	489 (5ml:30mg)	39,138	Injection	NSCLC (1L)
Paclitaxel liposome	LIPUSU	Luye pharma	2003	Class B	228 (30mg)	16,416	Injection	NSCLC not suitable for surgery or radiotherapy (1L)
Vinorelbine (soft capsules)	NAVELBINE	Pierre Fabre	2006[3]	Class B	780 (20mg)	131,070	Oral	Unresectable locally advanced or metastatic NSCLC (1L)
Paclitaxel polymer micelles	ZISHENG	Yizhong Pharmaceutical	2021	NA	1690(30mg)	216,320	Injection	EGFR gene mutation-negative and ALK-negative, unresectable locally advanced or metastatic NSCLC (1L)

Source: NMPA, Company Website, Frost & Sullivan Analysis

Notes:

1. As of May 31, 2024, only brand name, company, and treatment cost of original drug had been included.
2. The median treatment cost was estimated based on an assumed average body surface area of 1.6 m^2 and eight treatment cycles per year. The median treatment cost is calculated without consideration to medical insurance and free medication.
3. The generic drug of vinorelbine soft capsule was approved in China in 2006, prior to the approval of its original drug in China, which occurred in 2014, and its original drug was first approved in France in 2001.

As of May 31, 2024, a total of three microtubule inhibitor drugs had been approved by the FDA for the treatment of NSCLC including docetacel, vinorelbine and paclitaxel. The table below summarizes all the approved microtubule inhibitor drugs including different formulations for the treatment of NSCLC in the United States:

Generic Name	Brand Name	Company	Approval Date
Vinorelbine	NAVELBINE	Pierre Fabre	1994
Docetaxel	TAXOTERE	Sanofi	1996
Paclitaxel	TAXOL	HQ SPCLT PHARMA	1992
Paclitaxel (albumin-bound)	ABRAXANE	BMS	2005

Source: FDA, Company Website, Frost & Sullivan Analysis

As of May 31, 2024, Utidelone Injection was the only microtubule inhibitor drug candidate in phase III clinical trial for the treatment of NSCLC in China.

The table below summarizes other representative approved drugs for the treatment of NSCLC in China[1]:

Drug Type	Generic Name	Brand Name	Company	Approval Date	NRDL	2023 Median Price/RMB	2023 Median Treatment Cost/ RMB[2]	Route of administration	Approved indication
Chemotherapy drug	Gemcitabine	Gemzar	Eli Lilly	1999	Class B	272(0.2g)	43,592	Injection	Locally advanced or metastatic NSCLC (1L)
Chemotherapy drug	Cisplatin*	Platinol	BMS	2002	Class A	76(50ml:50mg)	2,432	Injection	NSCLC (1L)
Antibody drug	Bevacizumab	Avastin	Roche	2010	Class B	1,500(4ml:100mg)	243,000	Injection	Unresectable advanced, metastatic or recurrent non-squamous NSCLC (1L)
Antibody drug	Sintilimab	Tyvyt	Innovent	2018	Class B	1,080(10ml:100mg)	41,040	Injection	EGFR gene mutation-negative and ALK-negative, unresectable locally advanced or metastatic non-squamous NSCLC, EGFR-TKI treatment failed EGFR-positive locally advanced or metastatic non-squamous NSCLC; unresectable locally advanced or metastatic squamous NSCLC (1L)
Antibody drug	Pembrolizumab	Keytruda	MSD	2018	NA	17,918(4ml:0.1g)	358,360	Injection	Locally advanced or metastatic NSCLC that is PD-1 positive and negative for EGFR and ALK gene mutations; metastatic non-squamous NSCLC that is negative for EGFR and ALK gene mutations; metastatic squamous NSCLC (1L)
Small molecule targeted drug	Erlotinib	Tarceva	Roche	2006	Class B	57(0.15g)	18,881	Oral	Locally advanced or metastatic NSCLC with EGFR mutation; treatment after progression after at least one previous chemotherapy (≥1L)
Small molecule targeted drug	Osimertinib	Tagrisso	AstraZeneca	2017	Class B	166(80mg)	60,422	Oral	NSCLC with EGFR exon 19 deletion or exon 21 substitution mutation that has undergone previous surgery; locally advanced or metastatic EGFR exon 19 deletion or exon 21 substitution mutation NSCLC, and patients who have progressed after EGFR-TKI treatment EGFR T790M mutation-positive locally advanced or metastatic NSCLC (≥1L)
Small molecule targeted drug	Afatinib	Giotrif	Boehringer Ingelheim	2017	Class B	140(40mg)	47,040	Oral	EGFR gene mutation locally advanced or metastatic NSCLC that has not received EGFR-TKI treatment before, locally advanced or metastatic squamous NSCLC that has progressed after chemotherapy (1L)

Source: NMPA, Company Website, Frost & Sullivan Analysis

Notes:

1. As of May 31, 2024, only brand name, company, and treatment cost of original drug had been included.
2. The median treatment cost was estimated based on an assumed average body surface area of $1.6m^2$ and eight treatment cycles per year. The median treatment cost is calculated without consideration to medical insurance and free medication.
3. The selection of representative drug examples mainly depends on the treatment paradigm and Grade I drugs recommended by CSCO guidelines, prescribing habits of clinical physicians, the importance of the therapeutic status in different drug classes, and frequency of use by patient subgroups. In addition, the selected drugs also cover other types of drugs approved for the treatment of NSCLC, including chemotherapy drugs, antibody drugs and small molecule targeted drugs, in addition to microtubule inhibitors. For example, erlotinib, afatinib and osimertinib are the representative drug for the first, second and third generations of EGFR-TKI for EGFR mutation NSCLC, respectively. There is a total of six chemotherapy drugs, 29 small molecule targeted drugs and 13 antibody drugs approved for the treatment of NSCLC in China.

Brain Metastasis

According to Frost & Sullivan, the global incidence of NSCLC brain metastasis increased from 377.3 thousand to 433.9 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 484.1 thousand in 2027 and 522.9 thousand in 2030 with a CAGR of 2.8% and 2.6% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of NSCLC brain metastasis in China increased from 161.7 thousand to 185.3 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 205.4 thousand in 2027 and 220.0 thousand in 2030 with a CAGR of 2.6% and 2.3% from 2023 to 2027 and from 2027 to 2030, respectively.

Approximately 20% of lung cancer patients are diagnosed with brain metastasis at their initial diagnosis. Among lung cancer patients with epidermal growth factor receptor mutations or anaplastic lymphoma kinase rearrangements, the incidence is higher, with up to 60% of patients developing brain metastasis during the course of their disease. However, the blood-brain barrier significantly limits the efficacy of existing therapies for patients with brain metastases. Targeted drugs and new chemotherapy drugs are being developed to prolong the survival periods of patients and improve their life quality. As of May 31, 2024, there had been no approved drug for the treatment of lung cancer brain metastasis in China. The primary challenge lies in the limited use of chemotherapy for treating brain metastases, attributed to the blood-brain barrier, a natural filter between the blood and the brain that safeguards the brain from harmful substances.

Gastric Cancer

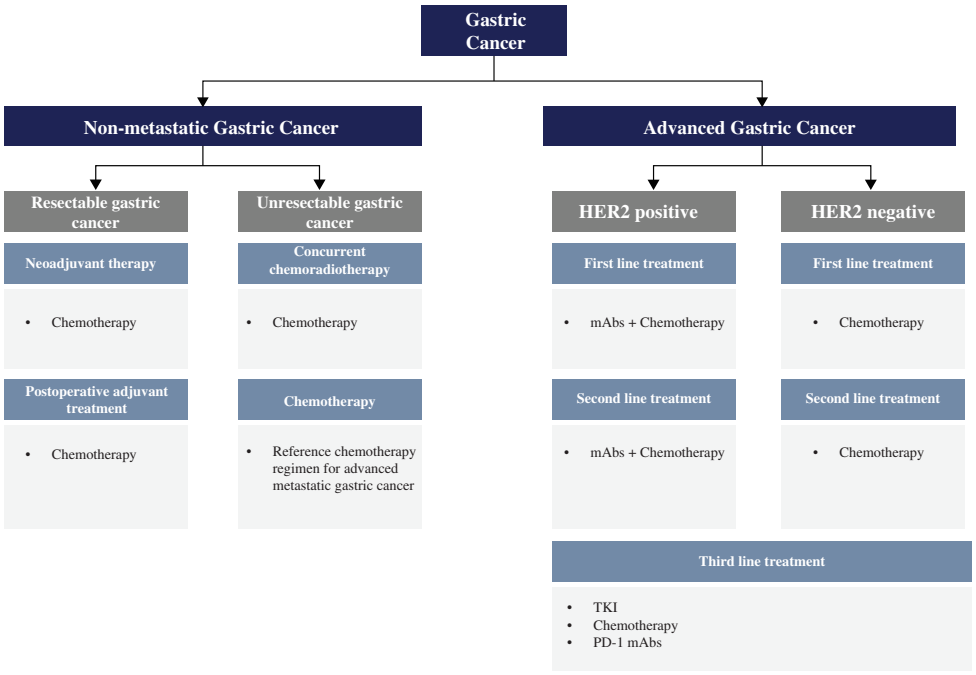
Overview

Gastric cancer is a common cancer that begins in the stomach HER2+ gastric cancer accounts for approximately 12% of gastric cancers in terms of incidence in China.

According to Frost & Sullivan, the global incidence of advanced gastric cancer increased from 531.3 thousand to 607.2 thousand with a CAGR of 2.7% from 2018 to 2023. The number is projected to reach 674.7 thousand in 2027 and 727.0 thousand in 2030 with a CAGR of 2.7% and 2.5% from 2023 to 2027 and from 2027 to 2030, respectively.

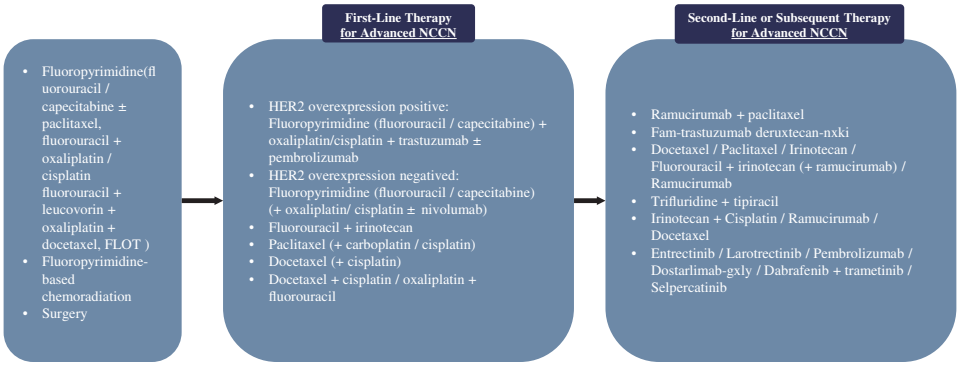
According to Frost & Sullivan, the incidence of advanced gastric cancer in China increased from 195.9 thousand to 225.1 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 250.6 thousand in 2027 and 269.5 thousand in 2030 with a CAGR of 2.7% and 2.5% from 2023 to 2027 and from 2027 to 2030, respectively.

The chart below illustrates the therapies adopted for gastric cancer from CSCO:



Source: CSCO, Frost & Sullivan Analysis

The chart below illustrates the therapies adopted for gastric cancer from NCCN:



Source: NCCN 2023, Frost & Sullivan Analysis

Note: Chemotherapy: T=docetaxel, paclitaxel and albumin-bound paclitaxel; X=capecitabine; N=navelbine; Cb=carboplatin; G=gemcitabine; LD=liposomal doxorubicin;
Therapeutic antibody: H=trastuzumab; P=pertuzumab;
Endocrine Therapy: AI=Aromatase inhibitor; F=fulvestrant;
Small molecule targeted drug: L=lapatinib.

Chemotherapy remains the cornerstone of gastric cancer treatment, widely used across major subtypes and various treatment lines.

The following table sets forth the comparison of different treatment therapies for gastric cancer:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can be used before surgery, after surgery, and for advanced gastric cancer • the cost of chemotherapy for patients is relatively low	• Side effects • Non-specific drug exposure to off-target tissues.	• Carboplatin combination with paclitaxel is the recommended treatment for unresectable gastric cancer. Other chemotherapy drugs include capecitabine, etc.
Microtubule inhibitor	Microtubule inhibitors can inhibit tumor proliferation by inhibiting the polymerization or depolymerization of microtubules.	• for cancer cells that proliferate faster than most normal cells, microtubule inhibitors can preferentially kill cancer cells • effective in the treatment of various tumors at different stages • has broad-spectrum anti-cancer potential	• Lack of targeting • Toxic side effects • Usually require injection.	• Docetaxel are widely used in the treatment of gastric cancer.
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation.	• Trastuzumab can significantly reduce the risk of recurrence in patients with HER2-positive gastric cancer. Sintilimab and Nivolumab are also used to treat advanced gastric cancer.
ADC	ADCs are composed of an antibody linked to a toxic payload, allowing precise killing of tumor cells.	• highly specific targeting ability • highly potent killing effect to achieve accurate and efficient elimination of cancer cells	• Off-target effects and complexity in pharmacokinetic • Usually cost a relatively high price • Usually require injection	• Disitamab vedotin can be used as second-line treatment for advanced gastric cancer.
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally. Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance	• Apatinib is an oral formulation of targeted drugs for advanced gastric cancer.

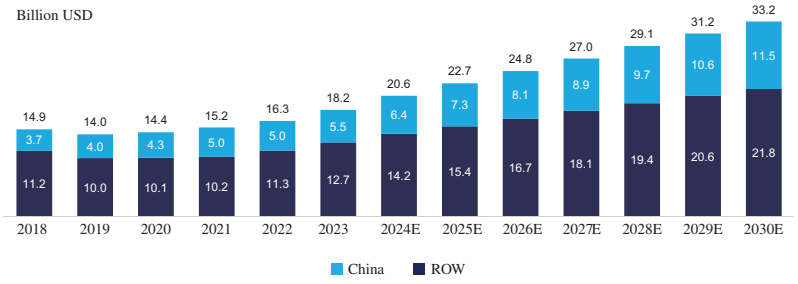
Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for HER2+ advanced or metastatic gastric cancer is trastuzumab in combination with chemotherapy drugs (xaliplatin/cisplatin + Fluorouracil/capecitabine).

Market Size

The chart below illustrates historical and projected market size of gastric cancer drug in China and around the world for the periods indicated:

CAGR	China	ROW	Total
2018-2023	8.7%	2.4%	4.1%
2023-2027E	12.6%	9.2%	10.3%
2027E-2030E	8.8%	6.4%	7.2%



Source: Frost & Sullivan Analysis

In 2023, the treatment rate of gastric cancer was approximately 90%, with annual treatment cost ranging from RMB2 thousand to RMB470 thousand.

As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our products or product candidates, for gastric cancer, there were 14 drugs approved globally, including eight in China; there were two product candidates in phase III or later globally, with none at the same stage in China; there were 10 product candidates in phase II globally, including four in China. As of May 31, 2024, there were two microtubule inhibitor chemotherapy drugs approved for gastric cancer globally, including one in China. Docetaxel was the only microtubule inhibitor drug for the treatment of gastric cancer in China, which was approved in 1997, and there is an urgent need for new microtubule inhibitor drugs. In addition to microtubule inhibitors, drugs approved for the treatment of gastric cancer in China also include other chemotherapy drugs (capecitabine, cisplatin), monoclonal antibody drugs (PD-1 inhibitors) and small molecule targeted drugs.

Esophageal Cancer

Esophageal cancer is cancer that occurs in the esophagus — a long, hollow tube that runs from your throat to your stomach. Esophageal cancer most often occurs in the cells that line the inside of the esophagus.

According to Frost & Sullivan, the global incidence of advanced esophageal cancer increased from 325.4 thousand to 373.1 thousand with a CAGR of 2.8% from 2018 to 2023. The number is projected to reach 415.2 thousand in 2027 and 447.6 thousand in 2030 with a CAGR of 2.7% and 2.5% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of advanced esophageal cancer in China increased from 141.2 thousand to 164.0 thousand with a CAGR of 3.0% from 2018 to 2023. The number is projected to reach 184.2 thousand in 2027 and 199.1 thousand in 2030 with a CAGR of 2.9% and 2.6% from 2023 to 2027 and from 2027 to 2030, respectively.

According to the CSCO guidelines for esophageal cancer, neoadjuvant treatment options encompass chemoradiotherapy and chemotherapy, and the primary chemotherapy drugs used are platinum-based drugs, taxanes, and fluorouracil. For advanced esophageal cancer, first-line treatment options mainly include microtubule inhibitors (paclitaxel, docetaxel), alkylating agents (cisplatin, oxaliplatin), antimetabolites chemotherapy drugs (fluorouracil, capecitabine), topoisomerase inhibitor chemotherapy drugs (irinotecan) and antibodies (trastuzumab, PD- (L)1 antibodies), while second-line and subsequent therapies mainly include chemotherapy drugs (docetaxel, paclitaxel, irinotecan, fluorouracil), PD-(L)1 antibodies (pembrolizumab, etc.), small molecule targeted drugs (apatinib, anlotinib), and ADC (disitamab vedotin).

According to the NCCN guidelines for advanced esophageal cancer, first-line treatment options mainly include microtubule inhibitors (paclitaxel, docetaxel), alkylating agents (cisplatin, oxaliplatin), antimetabolites chemotherapy drugs (fluorouracil, capecitabine), and PD-1 antibodies (pembrolizumab), while second-line and subsequent therapies mainly include chemotherapy drugs (docetaxel, paclitaxel, irinotecan, fluorouracil), PD-1 antibodies (pembrolizumab), small molecule targeted drugs (entrectinib, larotrectinib), and ADC (fam-trastuzumab,deruxtecan-nxki).

The following table sets forth the comparison of different treatment therapies for esophageal cancer:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can be used before surgery, after surgery, and for advanced esophageal cancer • the cost of chemotherapy for patients is relatively low	• Side effects • Non-specific drug exposure to off-target tissues.	• Chemotherapy drugs such as platinum-based drugs and paclitaxel are widely used in the treatment of metastatic esophageal cancer.
Microtubule inhibitor	Microtubule inhibitors can inhibit tumor proliferation by inhibiting the polymerization or depolymerization of microtubules.	• for cancer cells that proliferate faster than most normal cells, microtubule inhibitors can preferentially kill cancer cells • effective in the treatment of various tumors at different stages • has broad-spectrum anti-cancer potential	• Lack of targeting • Toxic side effects • Usually require injection.	• Docetaxel are widely used in the treatment of gastroesophageal junction adenocarcinoma.

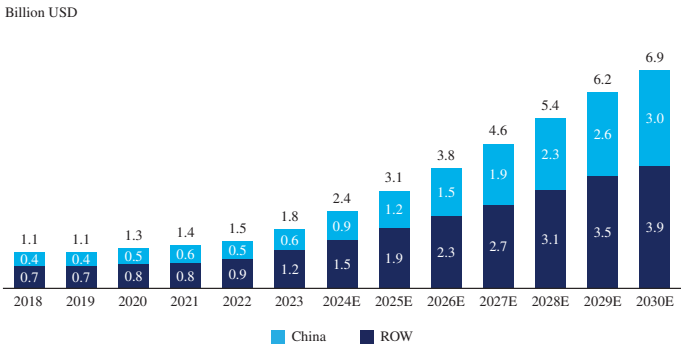
Category	Features	Advantages	Shortcomings	Indication Examples
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation.	• Trastuzumab can significantly reduce the risk of recurrence in patients with HER2-positive esophageal cancer.
ADC	ADCs are composed of an antibody linked to a toxic payload, allowing precise killing of tumor cells.	• highly specific targeting ability • highly potent killing effect to achieve accurate and efficient elimination of cancer cells	• Off-target effects and complexity in pharmacokinetic • Usually cost a relatively high price • Usually require injection	• Disitamab vedotin can be used as second-line treatment for advanced esophageal cancer.
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally. • Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance	• Anlotinib and apatinib are recommended for second-line treatment of recurrent metastatic esophageal cancer

Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for advanced esophageal cancer is immunotherapy in combination with chemotherapy.

The chart below illustrates historical and projected market size of esophageal cancer drug in China and around the world for the periods indicated:

CAGR	China	ROW	Total
2018-2023	9.6%	10.7%	10.3%
2023-2027E	31.0%	21.9%	25.3%
2027E-2030E	16.3%	13.5%	14.7%



Source: Frost & Sullivan Analysis

In 2023, the treatment rate of esophageal cancer was approximately 90%, with annual treatment costs ranging from RMB2 thousand to RMB360 thousand.

As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our products or product candidates, for esophageal cancer, there were 16 drugs approved globally, including eight in China; there were two product candidates in phase III or later globally, with none at the same stage in China; there were 12 product candidates in phase II globally, including four in China. As of May 31, 2024, there were three microtubule inhibitor chemotherapy drugs approved for esophageal cancer globally, including one in China. Vindesine was the only approved microtubule inhibitor drug for the treatment of esophageal cancer in China, and there is an urgent need for new microtubule inhibitor drugs. In addition to microtubule inhibitors, drugs approved for the treatment of esophageal cancer in China also include other chemotherapy drugs (capecitabine, cisplatin), monoclonal antibody drugs (PD-1 inhibitors), and small molecule targeted drugs.

Ovarian Cancer

Ovarian cancer is a group of diseases that originates in the ovaries, or in the related areas of the fallopian tubes and the peritoneum.

According to Frost & Sullivan, the global incidence of advanced ovarian cancer increased from 221.6 thousand to 250.5 thousand with a CAGR of 2.5% from 2018 to 2023. The number is projected to reach 272.3 thousand in 2027 and 287.6 thousand in 2030 with a CAGR of 2.1% and 1.8% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of advanced ovarian cancer in China increased from 43.4 thousand to 46.2 thousand with a CAGR of 1.3% from 2018 to 2023. The number is projected to reach 48.2 thousand in 2027 and 49.4 thousand in 2030 with a CAGR of 1.0% and 0.8% from 2023 to 2027 and from 2027 to 2030, respectively.

According to the CSCO guidelines, postoperative adjuvant chemotherapy for ovarian cancer primarily employs drugs such as paclitaxel, docetaxel, carboplatin, and doxorubicin. In addition to chemotherapy drugs, targeted drugs such as olaparib, niraparib, pamiparib, bevacizumab, and fluzoparib are also employed for advanced ovarian cancer.

According to the NCCN guidelines, microtubule inhibitors (paclitaxel, docetaxel), alkylating agents (cisplatin, oxaliplatin, cyclophosphamide), antimetabolites (fluorouracil, capecitabine), and anti-tumor antibiotics (doxorubicin) are the primary chemotherapy drugs employed in the treatment of ovarian cancer.

The following table sets forth the comparison of different treatment therapies for ovarian cancer:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can treat both primary and metastatic stages • the cost of chemotherapy for patients is relatively low	• Side effects • Non-specific drug exposure to off-target tissues.	• Chemotherapy drugs for ovarian cancer includes platinum-based drugs, paclitaxel, docetaxel, doxorubicin, etc.
Microtubule inhibitor	Microtubule inhibitors can inhibit tumor proliferation by inhibiting the polymerization or depolymerization of microtubules.	• for cancer cells that proliferate faster than most normal cells, microtubule inhibitors can preferentially kill cancer cells • effective in the treatment of various tumors at different stages • has broad-spectrum anti-cancer potential	• Lack of targeting • Toxic side effects • Usually require injection.	• Paclitaxel is widely used in the treatment of ovarian cancer.
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation.	• Bevacizumab can be used in combination with platinum drugs for patients with platinum-sensitive recurrent ovarian cancer.
ADC	ADCs are composed of an antibody linked to a toxic payload, allowing precise killing of tumor cells.	• highly specific targeting ability • highly potent killing effect to achieve accurate and efficient elimination of cancer cells	• Off-target effects and complexity in pharmacokinetic • Usually cost a relatively high price • Usually require injection	• Mirvetuximab soravtansine is the world's first ADC for the treatment of platinum-resistant ovarian cancer, receives full approval from FDA.
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally. Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance.	• Olaparib, Niraparib, and Fluzoparib are recommended for ovarian cancer treatment.

Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for ovarian cancer is surgery in combination with postoperative adjuvant chemotherapy, such as platinum, paclitaxel, and docetaxel, and the maintenance therapy includes PARP inhibitors.

The table below summarizes approved microtubule inhibitor drugs and other representative approved drugs for the treatment of ovarian cancer in China[1]:

Drug Type	Generic Name	Brand Name	Company	Approval Date	NRDL	2023 Median Price/RMB	2023 Median Treatment Cost/ RMB[2]	Route of Administration	Approved Indication
Chemotherapy drug (microtubule inhibitor)	Paclitaxel	TAXOL	BMS	1999	Class A	489 (5ml:30mg)	39,138	Injection	Advanced ovarian cancer (1L)
Chemotherapy drug (microtubule inhibitor)	Paclitaxel liposome	LIPUSU	Luye pharma	2003	Class B	228 (30mg)	16,416	Injection	Metastatic ovarian cancer (1L)
Chemotherapy drug	Cisplatin*	Platinol	BMS	2002	Class A	76 (50ml:50mg)	2,432	Injection	Ovarian cancer (1L)
Antibody drug	Bevacizumab	Avastin	Roche	2010	Class B	1,500 (4ml:100mg)	243,000	Injection	Stage III or IV epithelial ovarian cancer after primary surgical resection (1L)
Small molecule targeted drug	Olaparib	Lynparza	AstraZeneca	2018	Class B	90 (150mg)	131,050	Oral	BRCA-mutated or HRD-positive advanced epithelial ovarian cancer after first-line platinum-containing chemotherapy combined with bevacizumab achieves complete response or partial response; platinum-sensitive recurrent epithelial ovarian cancer after complete or partial response to platinum-containing chemotherapy (2L)
Small molecule targeted drug	Niraparib	Zejula	Tesaro	2019	Class B	146 (100mg)	159,432	Oral	Advanced or recurrent platinum-sensitive epithelial ovarian cancer after complete or partial response to first-line platinum-containing chemotherapy (2L)

Source: NMPA, Company Website, Frost & Sullivan Analysis

Notes:

1. As of May 31, 2024, only brand name, company, and treatment cost of original drug had been included.
2. The median treatment cost was estimated based on an assumed average body surface area of 1.6 m^2 and eight treatment cycles per year. The median treatment cost is calculated without consideration to medical insurance and free medication.
3. The selection of representative drug examples mainly depends on the treatment paradigm and Grade I drugs recommended by CSCO guidelines, prescribing habits of clinical physicians, the importance of the therapeutic status in different drug classes, and frequency of use by patient subgroups. In addition, the selected drugs also cover other types of drugs approved for the treatment of ovarian cancer, including chemotherapy drugs, antibody drugs and small molecule targeted drugs, in addition to microtubule inhibitors. For example, PARP inhibitors or bevacizumab are the standard treatments for advanced ovarian cancer, and olaparib and niraparib are the earliest approved and the most commonly used PARP inhibitors in clinical practice. There is a total of six chemotherapy drugs, four small molecule targeted drugs and one antibody drugs approved for the treatment of ovarian cancer in China.

In 2023, the market size of ovarian cancer drug in China reached RMB4.9 billion; the treatment rate of ovarian cancer was approximately 90%, with annual treatment costs ranging from RMB2 thousand to RMB160 thousand.

Liver Cancer

Liver cancer is a disease where cancer cells form in the tissues of the liver. The most common type of liver cancer is hepatocellular carcinoma, which begins in hepatocyte, the predominant cell type in the liver.

According to Frost & Sullivan, the global incidence of advanced liver cancer increased from 614.3 thousand to 698.9 thousand with a CAGR of 2.6% from 2018 to 2023. The number is projected to reach 773.7 thousand in 2027 and 831.4 thousand in 2030 with a CAGR of 2.6% and 2.4% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of advanced liver cancer in China increased from 264.0 thousand to 295.5 thousand with a CAGR of 2.3% from 2018 to 2023. The number is projected to reach 321.8 thousand in 2027 and 341.2 thousand in 2030 with a CAGR of 2.2% and 2.0% from 2023 to 2027 and from 2027 to 2030, respectively.

According to the CSCO guidelines, postoperative adjuvant treatment includes chemotherapy and targeted therapy; First-line treatment for advanced liver cancer mainly includes small molecule targeted drugs (sorafenib, lenvatinib, etc.), platinum chemotherapy drugs (oxaliplatin, etc.), monoclonal antibodies (bevacizumab, PD-(L)1 antibody) and traditional Chinese medicine, while drugs used second-line treatment is still mainly based on first-line treatment drugs. Second-line treatment for advanced liver cancer will select other therapies based on the first-line treatment situation (such as small molecule targeted drug resistance), including small molecule targeted drugs (regorafenib, sorafenib, etc.), platinum chemotherapy drugs (oxaliplatin, etc.), PD-(L)1 antibody (pembrolizumab, etc.) and traditional Chinese medicine. In China, the recent five-year survival rate is 12.1%. However, given the low survival rate and the urgent clinical need for effective treatments, no microtubule inhibitor drug had been approved in China as of the Latest Practicable Date.

According to the NCCN guidelines for advanced liver cancer, first-line treatment mainly includes small molecule targeted drugs (sorafenib, lenvatinib) and monoclonal antibodies (bevacizumab, PD-(L)1 antibody). Second-line therapy is still based on first-line treatment drugs, including small molecule targeted drugs (regorafenib, cabozantinib, sorafenib, lenvatinib, selpercatinib, etc.) and antibodies (PD-(L)1 antibody, ramucirumab, etc.).

Currently, the drugs approved in China for the treatment of liver cancer mainly include chemotherapy drugs (doxorubicin, oxaliplatin), monoclonal antibodies (bevacizumab, PD-1 inhibitors), and small molecule targeted drugs.

The following table sets forth the comparison of different treatment therapies for liver cancer:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can treat both primary and metastatic stages • the cost of chemotherapy for patients is relatively low	• Side effects • Non-specific drug exposure to off-target tissues.	• Oxaliplatin can be used in the treatment of advanced HCC.
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation.	• Tislelizumab can be used as first-line treatment for patients with unresectable or metastatic hepatocellular carcinoma (HCC)

Category	Features	Advantages	Shortcomings	Indication Examples
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally. • Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance	• Small molecule drugs play an important role in liver cancer, such as Sorafenib, Lenvatinib and Apatinib, etc.

Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for advanced liver cancer is single agent TKI or PD-L1 inhibitor in combination with VEGFR monoclonal antibody.

In 2023, the market size of liver cancer drug in China reached RMB12.7 billion; the treatment rate of liver cancer was approximately 90%, with annual treatment costs ranging from RMB2 thousand to RMB140 thousand.

Glioblastoma

Glioblastoma is a type of cancer that starts as a growth of cells in the brain or spinal cord. Glioblastoma forms from cells called astrocytes that support nerve cells.

According to Frost & Sullivan, the global incidence of glioblastoma increased from 280.9 thousand to 311.2 thousand with a CAGR of 2.1% from 2018 to 2023. The number is projected to reach 339.1 thousand in 2027 and 360.4 thousand in 2030 with a CAGR of 2.2% and 2.0% from 2023 to 2027 and from 2027 to 2030, respectively.

According to Frost & Sullivan, the incidence of glioblastoma in China increased from 36.3 thousand to 43.7 thousand with a CAGR of 3.8% from 2018 to 2023. The number is projected to reach 48.9 thousand in 2027 and 52.5 thousand in 2030 with a CAGR of 2.8% and 2.4% from 2023 to 2027 and from 2027 to 2030, respectively.

Currently, there are some small molecule targeted drugs under development, but few treatment options are available. According to the CSCO guidelines, treatment options for advanced glioblastoma include surgery, chemoradiotherapy combined with temozolomide, and bevacizumab. According to the NCCN guidelines for glioblastoma, adjuvant treatment mainly includes surgery, radiotherapy, alkylating agent chemotherapy drug (temozolomide) and small molecule targeted drugs (dabrafenib, trametinib, vemurafenib, cobimetinib, everolimus); for recurrent or progressive glioblastoma, chemotherapy drugs (temozolomide, cisplatin, etoposide, carboplatin, thioguanine, vincristine), small molecule targeted drugs (larotrectinib, selumetinib), and monoclonal antibodies (bevacizumab) are commonly employed.

The drugs currently approved in China for the treatment of glioblastoma include chemotherapy drugs (temozolomide, etoposide), small molecule targeted drugs (everolimus) and monoclonal antibodies (bevacizumab).

The following table sets forth the comparison of different treatment therapies for glioblastoma cancer:

Category	Features	Advantages	Shortcomings	Indication Examples
Chemotherapy	Chemotherapy uses cytotoxic chemicals to treat diseases, affecting the formation of cancer cells by interfering with DNA, RNA or protein synthesis in cells.	• can treat both primary and metastatic stages • the cost of chemotherapy for patients is relatively low	• Side effects • Non-specific drug exposure to off-target tissues.	• Temozolomide is a first-line chemotherapy drug for brain glioma and has broad-spectrum anti-tumor activity. It can penetrate the blood-brain barrier and is an important option for many patients to extend their progression-free survival.
Therapeutic antibodies	Therapeutic antibodies are important effector molecules that can specifically bind to antigens and mediate immune responses. Currently, the main therapeutic antibodies include monoclonal antibodies (mAbs) and bispecific antibodies (Bsabs).	• promote the death of tumor cells by recognizing the tumor-associated antigens (TAA) and the stimulation of long-lasting antitumoral activities with less effect on healthy cells • have therapeutic and safety benefits in both hematologic malignancies and solid tumors by selectively targeting cancer cells and by activating direct and/or indirect killing mechanisms	• Usually cost a relatively high price • Usually require injection • Potential resistance and mutation	• Bevacizumab is a humanized monoclonal antibody directed against circulating vascular endothelial growth factor (VEGF), which has been approved as therapy for glioblastoma therapy.
Targeted small-molecule therapy	Small molecule targeted drugs are chemical drugs that can specifically block the signaling pathways necessary for tumor growth and proliferation to produce anti-tumor effects.	• Most are stable and can be administered orally. • Some small molecule drugs can pass through the blood-brain barrier and can be used to treat brain diseases.	• Drug resistance	• Bozitinib can penetrate the blood-brain barrier and significantly prolong the survival time for GBM patients.

Source: Literature Review, Frost & Sullivan Analysis

According to the CSCO guidelines, the standard of care for glioblastoma includes surgery, postoperative temozolomide (TMZ) in combination with radiotherapy, and temozolomide adjuvant chemotherapy.

In 2023, the market size of glioblastoma drug in China reached RMB0.8 billion; the treatment rate of glioblastoma ranged from approximately 80% to 90%, with annual treatment costs ranging from RMB74 thousand to RMB130 thousand. As of May 31, 2024, in terms of chemotherapy drug molecules of product candidates that are at the same stage or later stage as our products or product candidates, for glioblastoma, there were three drugs approved globally, including one in China; there were five product candidates in phase III or later globally, including one in China; there were five product candidates in phase II globally, including one in China; there were one product candidate in phase I globally, with none at the same stage in China. There was no microtubule inhibitor chemotherapy drug that had been approved for the treatment of glioblastoma globally.

ANTIBODY-DRUG CONJUGATE (ADC) THERAPY

Currently, ADCs are one of the fastest-growing treatment modalities for cancer. They combine the target selectivity of antibodies and the cell-killing potency of highly toxic drugs. ADCs are designed to utilize an antibody to deliver cytotoxic drugs selectively to tumor cells. This design potentially reduces toxicity while allowing the use of highly potent toxic drugs that would otherwise be intolerable in systemic therapies, thereby leading to improved therapeutic window and efficacy. ADCs potentially have enhanced efficacy as ADCs exert anti-tumor effects primarily via highly potent payloads and bystander effect, which may overcome low or heterogeneous antigen expression in tumors.

However, ADCs also have limitations: (i) Currently, the approved ADCs are limited to hematological tumors, breast cancer, and a small number of other solid tumors; and (ii) ADCs face the potential risk of off-target effects and severe side effects due to their highly toxic payloads.

The global ADC market size grew rapidly from US$2.0 billion in 2018 to US$10.4 billion in 2023 at a CAGR of 38.6% and is projected to continue its robust growth at a CAGR of 29.1% from 2023 to 2030. China's ADC market started to grow following the approval of the first ADC by the NMPA in 2020 and is expected to increase from RMB2.5 billion in 2023 to RMB62.6 billion in 2030 at a CAGR of 58.5%. As of May 31, 2024, there was only one in-house developed ADC in China, which was approved for the treatment of HER2+ gastric cancer.

REPORT COMMISSIONED BY FROST & SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the worldwide, United States and China markets. 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 RMB400,000 for the preparation of the Frost & Sullivan Report. The payment of such an 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. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the biologics market for potential investors. 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's may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

OVERVIEWS OF LAWS AND REGULATIONS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the major PRC regulatory authorities and PRC laws and regulations that may have a significant impact on our business and operations in the PRC.

Principal Regulatory Authorities

The operations of the Company in the PRC are mainly supervised and regulated by the following authorities, in addition to the authorities generally administering the companies in the PRC:

National Medical Products Administration and Center for Drug Evaluation

The National Medical Products Administration (國家藥品監督管理局) (the "**NMPA**") (formerly the China Food and Drug Administration (國家食品藥品監督管理總局) (the "**CFDA**")), under and supervised by the State Administration for Market Regulation (國家市場監督管理總局) (the "**SAMR**"), is the department in charge of the pharmaceutical industry of China. It is responsible for drafting laws and regulations on the administration and supervision of drugs and medical devices, formulating policy planning and department regulations; and organizing the development and issuance of pharmaceutical and medical device standards, classification and management systems, and supervising the implementation.

The Center for Drug Evaluation of the NMPA (國家藥品監督管理局藥品審評中心) (the "**CDE**") is the technical evaluation unit for drug registration with NMPA. It is mainly responsible for the acceptance and technical evaluation on the applications of drug clinical trials and drug marketing approval.

National Health Commission

The National Health Commission (國家衛生健康委員會) (the "**NHC**") (formerly the National Health and Family Planning Commission (國家衛生和計劃生育委員會)), is primary healthcare regulator of China. It is primarily responsible for drafting national healthcare policy, supervising and regulating public health, healthcare services, and health emergency systems; coordinating the healthcare reform, and overseeing the operation of medical institutions and practicing of medical personnel.

National Healthcare Security Administration

The National Healthcare Security Administration (國家醫療保障局) (the "**NHSA**"), is directly under the State Council and responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating bidding procurement policies for drugs and medical consumables and supervising the implementation.

Ministry of Commerce of the PRC

The Ministry of Commerce of the PRC (中華人民共和國商務部) (the "**MOFCOM**") is responsible for the overall guidance and management of foreign investment. It formulates, revises and implements the laws, regulations, rules and policies of foreign investment. It also participates in the formulation and promulgation of the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) and Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》).

Principal Regulatory Provisions

Laws and Regulations on New Drugs

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》) which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on September 20, 1984 and last amended on August 26, 2019, and the Regulations of Implementation of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) which was promulgated by the State Council on August 4, 2002 and last amended on March 2, 2019, have laid down the legal framework for the drug R&D, manufacturing, business operation and use in the PRC and the supervision and administration activities thereof. According to the Drug Administration Law and its implementation regulations, the PRC encourages the R&D of new drugs, and protects the legal rights and interests in the R&D of new drugs.

Non-clinical Research

The non-clinical safety evaluation study for drugs for the purpose of applying for drug registration shall be conducted in accordance with the Administrative Measures for Good Laboratories Practice (《藥物非臨床研究質量管理規範》), which was promulgated in August 2003 and amended in July 2017. The Administrative Measures for Certification of Good Laboratory Practice (《藥物非臨床研究質量管理規範認證管理辦法》) which was last amended on January 19, 2023 and took effect on July 1, 2023, set forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake non-clinical research on drugs.

The State Science and Technology Commission (later renamed as the Ministry of Science and Technology of the PRC) promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) in November, 1988, which were amended by the State Council in January 2011, July 2013 and March 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》) in December 1997. The Ministry of Science and Technology of the PRC and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (for Trial implementation) (《實驗動物許可證管理辦法(試行)》) in December 2001. All of these regulations require a Certificate for Use of Laboratory Animals for performing experimentation on animals.

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 "**Registration Measures**"), which was latest amended by the SAMR on January 22, 2020 and took effect on July 1, 2020, where an applicant submits an application for clinical trials of drugs upon completion of pharmacy, pharmacology and toxicology etc. which support the clinical trial of drugs, the relevant research materials shall be submitted in accordance with the requirements on declaration materials. Upon form examination, where the declaration materials are found to comply with the requirements, the application shall be accepted. The CDE shall organize pharmacists, medical personnel and other technicians to review the accepted application for clinical trials of drugs. A decision on approval or non-approval of the application for clinical trials of drugs shall be made within 60 days from acceptance of application, and the applicant shall be notified of the examination and approval outcome through the CDE website; where the applicant is not notified within the stipulated period, the application shall be deemed approved, and the applicant may conduct clinical trial of drugs in accordance with the submitted scheme.

After obtaining the approval of clinical trial, the applicant must complete the clinical trial registration at the Drug Clinical Trial Registration and Information Disclosure Platform for public disclosure in accordance with the Circular on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013. The applicant shall complete the initial registration of the trial within one month after obtaining the approval of clinical trial to obtain an exclusive trial registration number, and then complete the subsequent information registration before the first testee is enrolled in the trial and submit the registration for public disclosure for the first time.

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 related to drug clinical trials. The drug regulatory authority 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 the NMPA and the NHC on April 23, 2020 and effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including pre-clinical trial preparation, trial protocols, protection of testees' rights and interests, duties of researchers, sponsors and monitors, as well as data management and statistical analysis.

Pursuant to the Registration Measures, clinical trial of drugs shall comprise Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial as well as bioequivalence test. Based on the characteristics of drugs and research objective, the research contents shall include clinical pharmacology research, exploratory clinical trial, confirmatory clinical trial and post-marketing research clinical. The NMPA requires that the different phases of clinical trials in China shall receive ethics committee approval respectively and comply with the relevant requirements of quality management standards for clinical trials of drugs in PRC. The sponsor shall submit safety update reports on the CDE website regularly during the R&D period. The sponsor shall promptly report to the CDE regarding suspicious and unexpected serious adverse event and other potential serious safety risks arising in the course of the clinical trial. Based on the severity of the safety risks, the sponsor may be required to adopt measures to strengthen risk control, and may be required to suspend or terminate the clinical trial of drugs where necessary.

However, according to the Technical Guiding Principles for Clinical Trials of Anti-tumor Drugs (《抗腫瘤藥物臨床試驗技術指導原則》) issued on May 15, 2012, the clinical study staging of anti-tumor drugs is not a fixed developmental sequence. The rapid development of anti-tumor drug research theories and technologies is likely to have an impact on future anti-cancer drug development models. Therefore, applicants can actively explore more scientific and rational research methods and promptly seek advice from the drug registration department under the NMPA.

On November 15, 2021, the CDE introduced the Guiding Principles for Clinical Research and Development of Anti-tumor Drugs Oriented by Clinical Value (《以臨床價值為導向的抗腫瘤藥物臨床研發指導原則》), for anti-tumor drugs, which states that the fundamental purpose of the drug market is to address the needs of patients, and emphasizes that drug R&D should be based on patient needs and clinical value.

Multi-Regional Clinical Trials and Acceptance of Overseas Clinical Trial Data

On January 30, 2015, the CFDA promulgated the Multi-Regional Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) (the "**MRCT Guidelines**"), which took effect on March 1, 2015, to provide guidance for the regulation of application, implementation and administration of international multi-center clinical trials in China. Pursuant to the MRCT Guidelines, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicant plans to make use of the data derived from the international multi-center clinical trials for application for approval of new drug registration, such international multi-center clinical trials shall satisfy the requirements set forth in the Drug Administration Law and its implementation regulations and relevant laws and regulations.

On October 8, 2017, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the Opinion on Strengthening the Reform of the Drug and Medical Device Review and Approval Process to Encourage Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) which stipulates that overseas clinical trial results are acceptable in China. Data derived from overseas clinical trials can be used in application for registration of drugs and medical devices if the data satisfy the registration requirement for drugs and medical devices in China. For initial application for marketing of pharmaceutical products and medical devices in China, the applicants are required to provide clinical trial data to indicate whether there will be difference of trial results among different ethnic groups.

On July 6, 2018, the NMPA issued the Technical Guiding Principles for the Acceptance of the Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) (the "**Guiding Principles**"), which provides that overseas clinical data can be submitted for all kinds of registration applications in China, including the clinical trial authorization and new drug registration. The Guiding Principles clearly list the basic principles and requirements on the acceptance of overseas clinical trial data, and distinguish different levels of acceptance based on the quality of the data itself and different circumstances. The Guiding Principles require that the applicant shall ensure that the overseas clinical trial data are truthful, complete, accurate and traceable, and the generating process of the overseas clinical trial data shall comply with the relevant requirements of the Good Clinical Practice (臨床試驗質量管理規範) provided by the International Conference on Harmonization of Technical Requirements for the Registration of Pharmaceuticals for Human Use (人用藥品註冊技術國際協調會議).

Collection, Preservation, Utilization and External Provision of Human Genetic Resources

The Ministry of Science and Technology of the PRC promulgated the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《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》) in July 2015, according to which, if the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. On October 26, 2017, the Ministry of Science and Technology of the PRC issued the Announcement on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》), which simplified the approval for utilizing human genetic resources to obtain the marketing license of a drug in the PRC.

On May 28, 2019, the State Council issued the Administrative Regulations on Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) (the "**Human Genetic Resource Regulation**"), which became effective on July 1, 2019. According to the Human Genetic Resource Regulation, human genetic resource includes human genetic resource materials and information. Human genetic resource materials refer to organs, tissues, cells and other genetic materials containing human genome, genes and other genetic materials. Human genetic resource information refers to information, such as data, generated by human genetic resources materials.

The Human Genetic Resource Regulation formalized the approval requirements pertinent to research collaborations between Chinese and foreign-owned entities, under which, a new filing system (as opposed to the advance approval approach originally in place) is put in place for clinical trials utilizing China's human genetic resources in order to obtain market license at clinical institutions without involving the export of human genetic resources materials outside of China. Foreign organizations, individuals and institutions established or actually controlled by foreign organizations and individuals are not allowed to collect or preserve human genetic resources in China or provide human genetic resources abroad.

On May 26, 2023, the Ministry of Science and Technology of the PRC issued the Implementing Rules of the Regulations on the Management of Human Genetic Resources (《人類遺傳資源管理條例實施細則》) (the "**Human Genetic Resources Implementing Rules**") which came into effect on July 1, 2023. The Human Genetic Resources Implementing Rules provide specific provisions on the collection, preservation, utilization and external provision of human genetic resources of the PRC.

New Drug Registration

According to the Registration Measures, an applicant shall, upon completion of studies including pharmacy, pharmacology and toxicology and clinical trial of drugs which support the registration of drug marketing, determination of quality standards, verification of commercial scale manufacturing process, and preparation to undergo examination and inspection for drug registration, submit an application for drug marketing authorization, and submit the relevant research materials in accordance with the submission requirements. The CDE shall organize pharmacist, medical and other technical personnel to comprehensively review the application regarding the safety, effectiveness and quality control of the drug. Where the application is cleared by the comprehensive review, the drug shall be approved for marketing and a Drug Registration Certificate shall be issued.

Under the Registration Measures, drug registration shall be subject to registration and administration by categories, namely Chinese medicine, chemical medicine and biological products etc.. On March 4, 2016, the CFDA issued the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) (the "**Drug Reclassification Plan**"), which outlined the reclassifications of drug applications. Under the Drug Reclassification Plan, Category 1 refers to new drugs that have not been marketed anywhere in the world containing a new compound with a specific structure, pharmacological effects and clinical value; improved new drugs that are not marketed anywhere in the world fall into Category 2, which refers to drugs with obvious clinical advantages that are optimized on the basis of known active ingredients in terms of structure, dosage form, prescription technology, route of drug administration and indications, etc.; generic drugs, that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in China, fall into Category 3; generic drugs, that have equivalent quality and efficacy to the originator's drugs and have been marketed in China, fall into Category 4; category 5 drugs are drugs which have already been marketed abroad but are not yet approved in China. The Chemical Drug Registration Classification and Application Data Requirements (《化學藥品註冊分類及申報資料要求》) which was promulgated by the NMPA on June 29, 2020, reaffirmed the principles of the

classification of chemical drugs set forth by the Drug Reclassification Plan, and made minor adjustments to the subclassifications of Category 5. According to such rules, Category 5.1 are innovative chemical drugs and improved new chemical drugs while Category 5.2 are generic chemical drugs, all of which shall have been already marketed abroad but not yet approved in China.

On July 22, 2015, the CFDA issued the Announcement of the China Food and Drug Administration on Conducting Self-examination and Verification of Drug Clinical Trial Data (《國家食品藥品監督管理總局關於開展藥物臨床試驗數據自查核查工作的公告》), which stipulated that all applicants for drug registration that have been declared and are pending review at the CFDA must conduct self-inspections on the clinical trial status of the drugs that have been applied for production or import, in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) and other relevant requirements, to ensure that the clinical trial data is true and reliable, and that all related evidence is preserved intact.

Accelerated Approval for Clinical Trial and New Drug Registration

The CFDA released 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》) in November 2015, which clarified the measures and policies regarding simplifying and accelerating the approval process of clinical trials, and provided that a fast drug registration pathway can be available for the applications for certain drugs, including the registration of innovative new drugs treating HIV, cancer, serious infectious diseases and orphan diseases, and registration of pediatric drugs, etc..

The Opinion on Strengthening the Reform of the Drug and Medical Device Review and Approval Process to Encourage Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "**Innovation Opinion**") established a framework for reforming the evaluation and approval system for drugs, medical devices and equipment. The Innovation Opinion indicated enhancing the standard of approval for drug marketing registration and accelerating the evaluation and approval process for innovative drugs as well as improving the approval of drug clinical trials.

The CFDA promulgated the Opinions on Encouraging the Priority Review and Approval for Drug Innovations (《關於鼓勵藥品創新實行優先審評審批的意見》) in December 2017, which further clarified that a fast track clinical trial approval or drug marketing registration pathway will be available to innovative drugs. The Opinions on Encouraging the Priority Review and Approval for Drug Innovations was replaced by the Announcement of the NMPA on Promulgating Three Documents including the Working Procedures for Evaluation of Breakthrough Therapy Designation Drugs (Trial) (《國家藥監局關於發佈<突破性治療藥物審評工作程序(試行)>等三個文件的公告》), which was issued and implemented on July 7, 2020, refined the requirements and scope of the fast track.

According to the Announcement on Matters Concerning the Optimization of Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》) jointly issued by the NMPA and the NHC in May 2018, the CDE will prioritize the allocation of resources for review, inspection, examination and approval of registration applications that have been included in the scope of fast track clinical trial approval.

The Registration Measures has incorporated the previous reform in respect of the accelerated approval for clinical trial and drug marketing registration and introduces four procedures for expedited marketing registration of drugs, which are procedures for groundbreaking therapeutic drugs, procedures for conditional approval, procedures for prioritized reviews and approval, and procedures for special examination and approval:

- Procedures for ground-breaking therapeutic drugs: during the drug clinical trials, for an innovative drug or improved new drug used for prevention and treatment of life-threatening illnesses or illnesses which have a serious impact on quality of life and for which there is no other effective prevention and treatment method or there is adequate evidence to prove that the said innovative drug or improved new drug has obvious clinical advantages over existing treatment approach, the applicant may request for application of procedures for ground-breaking therapeutic drugs.

- Procedures for conditional approval: during the drug clinical trials, for drugs which fall under the following circumstances, an application for conditional approval of marketing registration may be submitted (i) for drugs for treatment of life- threatening illnesses for which there is no effective treatment approach, the clinical trial of drugs already has data to prove efficacy and is able to forecast the clinical value; (ii) for drugs urgently needed for public health, the clinical trial of drugs already has data to prove efficacy and is able to forecast the clinical value; and (iii) for other vaccines urgently needed for major public health emergencies or deemed by the NHC to be urgently needed, its benefits outweigh the risks according to the evaluation.

- Procedures for prioritized reviews and approval: at the time of the drug marketing registration, drugs have obvious clinical value may apply for application of procedures for prioritized review and approval, including (i) clinically and urgently needed but insufficient drug, innovative drugs and improved new drugs for prevention and treatment of major contagious diseases and rare diseases; (ii) new pharmaceutical product types, dosage form and specifications of pediatric drugs which comply with pediatric physiological characteristics; (iii) vaccines and innovative vaccines urgently needed for prevention and control of diseases; (iv) drug included in the procedures for ground-breaking therapeutic drug; (v) drug which comply with conditional approval criteria; and (vi) other circumstances of prioritized review stipulated by the NMPA.

- Procedures for special examination and approval: at the time of a threat or occurrence of public health emergency, the NMPA may, in accordance with law, decide to implement special examination and approval for urgently needed drug required for the prevention and treatment during the public health emergency.

Communication with the CDE

According to the Registration Measures, applicants could communicate with the CDE about the key issues before applying for drug clinical trials, through the clinical trials, before applying for marketing authorization, or during other key stages. 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》), promulgated by the CDE on December 10, 2020, during the technical review process of development and registration applications of 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 R&D of breakthrough therapeutic drugs. Type II meetings are held during the key R&D 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.

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 R&D 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, monitoring, reporting and handling of adverse reactions of the 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. However, marketing authorization holders may not entrust a pharmaceutical manufacturing enterprise to produce blood products, narcotic drugs, psychotropic drugs, medical-use toxic drugs or pharmaceutical precursor chemicals, except as otherwise stipulated by the drug regulatory department under the State Council.

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.

Laws and Regulations on the Manufacturing of Drugs

Drug Manufacturing License

Pursuant to the Drug Administration Law, a drug manufacturer must obtain a Drug Manufacturing License (藥品生產許可證) from the NMPA before it starts to manufacture drug products. Prior to granting such license, the relevant government authority will inspect the

applicant's production facilities, and decide whether the sanitary conditions, quality assurance system, management structure and equipment within the facilities have met the required standards. And according to the Administrative Measures on Supervision of Pharmaceutical Manufacturing (《藥品生產監督管理辦法》) (the "**Administrative Measures of Drug Manufacturing**") promulgated by the SAMR on January 22, 2020 and effective on July 1, 2020, each Drug Manufacturing License is valid for a period of five years and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date and will be subject to reassessment by the authority in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

Good Manufacturing Practice

The drug manufacturer must conduct the manufacturing process in accordance with the Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) issued by the Ministry of Health of the PRC (the "**MOH**") (has been integrated into the National Health and Family Planning Commission in 2013) in January 2011, which sets forth a set of detailed standard guidelines governing the manufacture of 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 management of customer complaints and adverse event reports.

Prior to December 1, 2019, pursuant to 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》) issued in August 2011, when establishing a pharmaceutical manufacturer or a new factory or expanding the production scope, the drug manufacturer is required to submit an application for a Good Manufacturing Practice Certification (the "**GMP Certification**") with the drug regulatory authority. If the Good Manufacturing Practices (the "**GMP**") are satisfied, a GMP Certificate will be issued. Pursuant to the Circular on the Relevant Issues Concerning 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》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law, since December 1, 2019, the GMP Certification has been canceled, applications for GMP Certifications are no longer accepted, and GMP Certificates are no longer issued. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

On May 24, 2021, the NMPA issued the Administrative Measures for Drug Inspection (Trial) (《藥品檢查管理辦法(試行)》) which was revised on July 19, 2023, and the Administrative Measures for the Certification of Good Manufacturing Practice for Drugs was repealed. The Administrative Measures for Drug Inspection (Trial) provided that onsite inspections shall be conducted pursuant to the GMP on a drug manufacturer applying for the drug manufacturing license for the first time, while for the drug manufacturers applying for the renewal of drug manufacturing licenses, the review shall be conducted based on the risk management principles, in combination with the drug manufacturers' compliance with the laws and regulations of drug administration, and the operation of the GMP and quality management system, and inspections on the drug manufacturers' conformity to the GMP may be conducted where necessary.

Contract Manufacturing of Drugs

Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) (the "**Contract Manufacturing Regulations**") issued by the CFDA in August 2014, only when a drug manufacturer temporarily lacks manufacturing conditions due to technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, can such drug manufacturer entrust the manufacturing of the drug to another domestic drug manufacturer. Such contract manufacturing arrangements shall be approved by the provincial branch of the CFDA.

The Administrative Measures of Drug Manufacturing further implement the drug marketing authorization holder system as stipulated in the Drug Administration Law. The drug marketing authorization holders may produce drugs by themselves or entrust drug manufacturers with the production of such drugs. A drug marketing authorization holder that intends to manufacture drugs on its own shall obtain a Drug Manufacturing License; if it intends to manufacture drugs on a commissioned basis, it shall entrust a qualified drug manufacturer. Drug marketing authorization holders and the commissioned manufacturers shall enter into an entrustment agreement and a quality agreement, and strictly perform the obligations under such agreements.

Laws and Regulations on the Operation of Drugs

Drug Operation License

According to the Drug Administration Law, the Measures for the Supervision and Administration of Drug Quality in Operation and Usage (《藥品經營和使用質量監督管理辦法》), which was issued by the SAMR on September 27, 2023 and came into effect on January 1, 2024, detailed provisions are imposed on aspects such as the purchase, sale, transportation and storage of medicines. Whoever engages in the wholesale or retail of drugs shall be subject to the approval of the drug regulatory authority, obtain a Drug Operating License in accordance with the law. The grant of such license is subject to an inspection of the operator's facilities, warehouse, hygiene environment, quality control systems, personnel (including of whether pharmacists and other professionals have the relevant qualifications) and equipment. A Drug Operation License is valid for five years. Where it is necessary to continue the operation of drugs upon the expiration of the period of validity of the Drug Operation License, a drug operator shall file an application with the license-issuing organ for re-examination and issuance of license in 6 to 2 months before the expiration of the period of validity.

Good Supply Practices

According to the Good Supply Practice for Drugs (《藥品經營質量管理規範》) (the "**Good Supply Practice**") newly amended by the CFDA on July 13, 2016, drug distributors shall strictly implement the Good Supply Practice. Enterprises shall take effective measures for quality control at such stages as procurement, storage, sales and transportation of drugs to ensure the quality of drugs and shall develop a drug traceability system as per relevant requirements of the state to realize the traceability of drugs. In addition, the CFDA revised the Guidelines for On-site Inspection of Drug

Operation and Quality Management Specifications (《藥品經營質量管理規範現場檢查指導原則》) in December 2016, in order to further regulate the organization of the supervision and inspection of drug distributors.

Regulations on the Medical Insurance Program

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.

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》), 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, on December 7, 2023 and took effect on January 1, 2024, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. 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 Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance, a Provincial Reimbursement Drug List (the "**PRDL**") must be made by the provincial healthcare security authorities. The provincial healthcare security authorities have the right to add ethnic drugs and preparations of medical institutions as List B drugs in the PRDL in accordance with relevant rules.

According to the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance, 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.

National Essential Drug List

On August 18, 2009, 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 revised 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. On September 13, 2018, the General Office of the State Council issued the Opinions of the General Office of the State Council on Improving the National Essential Drug System(《國務院辦公廳關於完善國家基本藥物制度的意見》). The NHC and the National Administration of Traditional Chinese Medicine 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, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall store up and use drugs listed in the National Essential Drug List. The drugs listed in the National Essential Drug List shall be purchased by centralized tender process and shall be subject to the price control by the National Development and Reform Commission of the PRC. For Remedial drugs in the National Essential Drug List, when adjusting the Medical Insurance Catalogue, the medical insurance department shall prioritize those that meet the conditions to be included in the catalogue scope or adjust the classification of A and B.

Regulations on the Price Control and Two-invoice System

Instead of direct price controls which were historically used in China, the government regulates prices mainly by establishing a consolidated procurement mechanism, revising medical insurance reimbursement standards, and strengthening regulation of medical and pricing practices.

According to the Certain Regulations on the Trial Implementation of Centralized Tender Procurement of Drugs by Medical Institutions (《醫療機構藥品集中招標採購試點工作若干規定》) promulgated on July 7, 2000 by the MOH and four other regulatory authorities and the Notice on Further Improvement on the Implementation of Centralized Tender Procurement of Drugs by Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated on August 8, 2001, not-for-profit medical institutions established by county or higher level government are required to implement centralized tender procurement of drugs.

The MOH promulgated the Working Regulations of Medical Institutions for Procurement of Drugs by Centralized Tender and Price Negotiations (Trial) (《醫療機構藥品集中招標採購和集中議價採購工作規範(試行)》) on March 13, 2002, which provides rules for the tender process and negotiations of the prices of drugs, operational procedures, a code of conduct and standards or measures of evaluating bids and negotiating prices. According to the Opinions on Further Regulating Centralized Procurement of Drugs by Medical Institutions (《進一步規範醫療機構藥品集中採購工作的意見》) promulgated by the MOH and five other ministries and commissions on January 17, 2009, not-for-profit medical institutions owned by the government at the county level or higher or owned by state-owned enterprises (including state-controlled enterprises) shall purchase pharmaceutical products by online centralized procurement. Each provincial government shall formulate its catalogue of drugs subject to centralized procurement. Except for drugs in the National Essential Drug List (the procurement of which shall comply with the relevant rules on the National Essential Drug List), certain pharmaceutical products which are under the national government's special control, such as toxic, radioactive and narcotic drugs and traditional Chinese medicines, in principle, all drugs used by not-for-profit medical institutions shall be covered by the catalogue of drugs subject to centralized procurement. The Several Opinions of the General Office of the State Council on Improvement of the Policy of Production, Circulation and Use of Drugs (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) promulgated on January 24, 2017 aims to deepen the reform of medicine health system, improve the quality of the drug and regulate the distribution and use of the drug. The Notice of the General Office of the State Council on Issuing Pilot Plan of Centralized Procurement and Use of the Drug Organized by the State (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》) promulgated on January 1, 2019 aims to improve the pricing mechanism of the drug, which also further regulates the scope and mode of centralized procurement.

The centralized tender process takes the form of public tender operated and organized by provincial or municipal government agencies. The centralized tender process is in principle conducted once every year in the relevant province or city in China. The bids are assessed by a committee composed of pharmaceutical and medical experts who will be randomly selected from a database of experts approved by the relevant government authorities. The committee members assess the bids based on a number of factors, including but not limited to, bid price, product quality, clinical effectiveness, product safety, qualifications and reputation of the manufacturer, after-sale services and innovation. Only pharmaceuticals that have won in the centralized tender process may be purchased by public medical institutions funded by the governmental or state-owned enterprise (including state-controlled enterprises) in the relevant region.

In order to further optimize the order of purchasing and selling pharmaceutical products and reduce circulation steps, under the 2016 List of Major Tasks in Furtherance of the Healthcare and Pharmaceutical System Reforms (《深化醫藥衛生體制改革2016年重點工作任務》) issued by the General Office of the State Council on April 21, 2016, the "**Two-invoice System**" (兩票制) is fully implemented in the PRC. According to the Circular on Issuing the Implementing Opinions on Carrying out the Two-invoice System for Drug Procurement among Public Medical Institutions (Trial) (《印發關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)的通知》), which came into effect on December 26, 2016, the Two-invoice System means one invoice between the pharmaceutical manufacturer and the pharmaceutical distributor, and one invoice between the pharmaceutical distributor and the hospital, and thereby only allows a single level of distributor for the sale of pharmaceutical products from the pharmaceutical manufacturer to the hospital.

Laws and Regulations on Advertisement

Pursuant to the Advertisement Law of the PRC (《中華人民共和國廣告法》), which was promulgated by the SCNPC on October 27, 1994 and effective from February 1, 1995 and latest amended and effective from April 29, 2021, advertisements shall not contain false or misleading contents and shall not deceive or mislead consumers. For publishing of medical treatment, pharmaceutical products and medical devices advertisements, the advertisement contents shall be examined by the relevant authorities prior to publishing. The Advertisement Law further stipulates that advertisements for medical treatment, pharmaceutical products or medical devices shall not contain: (i) any assertion or guarantee for efficacy and safety; (ii) any statement on cure rate or effectiveness rate; (iii) any comparison with the efficacy and safety of other pharmaceutical products or medical devices or with other healthcare institutions; (iv) any recommendation or endorsement of an advertising endorser; or (v) other items as prohibited by laws and regulations.

Pursuant to the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) which was promulgated by the SAMR on December 24, 2019 and came into effect on March 1, 2020, the contents of a drug advertisement shall be based on the drug instructions approved by the drug administrations under the State Council. Where a drug advertisement involves drug name, indications or major functions, pharmacological effects, etc., it shall not go beyond the scope of instructions. Drug advertisements shall state contraindications and adverse reactions in a prominent position; prescription drug advertisements shall also state that "the advertisement is meant to be read only by medical and pharmaceutical professionals" in a prominent position, and OTC drug advertisements shall also add the non-prescription drug label (OTC) in a prominent place and state that "please purchase and use the drugs in accordance with the drug instructions or under the guidance of a pharmacist" in a prominent position.

Laws and Regulations on Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, amended on July 8, 2000, August 27, 2009 and December 29, 2018 respectively, is the principal governing law relating to the supervision and administration of product quality in China. According to the Product Quality Law, producers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. Producers shall be liable for compensating for the injury to a person or damage to property other than the defective products per se due to the defects of products, unless the producer is able to prove that: (i) the products have not been put into circulation; (ii) the defects causing the damage did not exist when the products was put in circulation; or (iii) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. Sellers shall be liable for compensation if the personal injury or damage to the property of others is caused due to defects resulting from the fault on the part of sellers. Sellers shall be liable for compensation if they cannot identify the producers or suppliers of the defective products. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the producer or the seller.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), which was adopted by the National People's Congress (the "**NPC**") on May 28, 2020 and came into force on January 1, 2021, where a defective product causes any harm to another person, the manufacturer shall assume the tort liability. Where any harm is caused to another person by a defective product, the victim may require compensation to be made by the manufacturer of the product or the seller of the product. If the defect of the product is caused by the manufacturer and the seller has made the compensation for the defect, the seller shall be entitled to be reimbursed by the manufacturer. If the defect of the product is caused by the fault of the seller and the manufacturer has made the compensation for the defect, the manufacturer shall be entitled to be reimbursed by the seller. Where the defect of a product endangers the personal or property safety of another person, the victim shall be entitled to require the manufacturer or seller to assume the tort liability by ceasing infringement, removing the obstruction, or eliminating the danger.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' personal information and must strictly keep confidential any consumer information they obtain during their business operations.

Laws and Regulations on Work Safety

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) which was promulgated by the SCNPC on June 29, 2002 and newly amended on June 10, 2021, production and business operation entities shall abide by the Work Safety Law and other laws and regulations concerning work safety, and guarantee work safety by strengthening the management on safe production, setting up and improving the responsibility system for work safety and work safety rules and regulations, improving the conditions, pushing forward the development of work safety standards, and raising the work safety level. The major person-in-charge of the production and business operation entities shall undertake the overall duties concerning the work safety of the concerned entity. If the production and business operation entities fail to abide by the relevant rules of the Work Safety Law, they will be confronted with administrative penalties, even criminal liabilities.

Hazardous Chemicals

The Regulation on Safety Administration of Hazardous Chemicals (《危險化學品安全管理條例》) (the "**Hazardous Chemicals Regulation**") was promulgated by the State Council on January 26, 2002 and newly revised on December 7, 2013. The Hazardous Chemicals Regulation provides regulatory requirements on the safe production, storage, use, operation and transportation of hazardous chemicals. An enterprise that has obtained a work safety permit of hazardous chemicals, safety use permit of hazardous chemicals or operation permit of hazardous chemicals according to law shall purchase hyper-toxic chemicals or hazardous chemicals that can be used to make explosives upon the strength of relevant permits or certificates. A producer of civil explosives shall purchase hazardous chemicals that can be used to make explosives upon the strength of the permit for production of civil explosives. Any entity other than those as prescribed in the preceding paragraph, when purchasing hyper-toxic chemicals, shall apply to the public security organ of the local people's government at the county level for a permit for purchasing hyper-toxic chemicals; when hazardous chemicals that can be used to make explosives are purchased, the explanations on the legal use of such chemicals issued by such entity shall be presented.

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 latest revised on September 18, 2018, stipulates and regulates the production, operation, purchase, transportation, import and export of precursor chemicals. The precursor chemicals are classified into three categories. Category I refers to the major materials that may be used to produce drugs. Categories II and III refer to the chemical auxiliary substances that may be used to produce drugs. An enterprise that applies for purchasing the precursor chemicals in Category I shall submit the related certificates and shall obtain the purchase license upon the examination and approval of the supervisory and administrative department of drugs of the people's government of the province, autonomous region or centrally-administered municipality where the applicant is located. An entity that purchases any precursor chemicals in Category II or III shall, before the purchase, report the variety and quantity in demand to the public security organ of the local people's government at the county level for archival filing.

Laws and Regulations on Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and amended on April 24, 2014, all enterprises and institutions which discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment from waste gas, waste water, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration, ray radiation and electromagnetic radiation generated in the course of production, construction or other activities. The relevant authorities are authorized to impose various types of penalties on the persons or entities in violation of the environmental regulations, including fines, restriction or suspension of operation, shut-down, detention of office-in-charge, etc..

According to the Environmental Protection Law, 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 amended on July 2, 2016 and December 29, 2018 respectively, the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall provide the environmental assessment reports, assessment form, or registration form on the environmental impact of such projects with relevant environmental protection administrative authority for approval or filing. Enterprises shall, after the completion of the construction project for which the environmental assessment reports, assessment form is prepared, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct acceptance check of the constructed supporting environmental protection facilities and prepare the acceptance check report.

Pursuant to the Measures for Pollutant Discharge Permitting Administration (Trial) (《排污許可管理辦法(試行)》) which was effective on January 10, 2018 and amended on August 22, 2019, enterprises, institutions and other producers and operators (the "**pollutant discharge enterprises**") that have been included in the Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a discharge permit in accordance with the prescribed time limit. The pollutant discharge enterprises that are not included in the Classification Management List do not need to apply for a pollutant discharge permit. The pollutant discharge enterprises shall discharge pollutants in accordance with the discharge permit. Pursuant to the Notice of the General Office of the State Council on Issuing the Implementation Plan for the Permit System Controlling Pollutant Emission (《國務院辦公廳關於印發控制污染物排放許可制實施方案的通知》) which was effective on November 10, 2016 and the Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》), the State implements focused, simplified and registered management of discharge permits based on factors such as the amount of pollutants produced by enterprises and other production operators discharging pollutants, the amount of their emissions and the impact on the environment.

Laws and Regulations on Intellectual Properties

China is a party to several international conventions on intellectual property rights, including without limitation, Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識產權協定》), Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), Patent Cooperation Treaty (《專利合作條約》), Berne Convention for the Protection of Literary and Artistic Works (《保護文學和藝術作品伯爾尼公約》), World Intellectual Property Organization Copyright Treaty (《世界版權公約》) and Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》).

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 latest amended on October 17, 2020 and effective as 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》) which was promulgated by the State Council on June 15, 2001 and latest amended on December 11, 2023 and effective as from January 20, 2024, there are three types of patent in the PRC: invention patent, utility model patent and design patent. The current protection period is 20 years for invention patent and 10 years for utility model patent and design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patentee shall pay compensation to the patentee and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the Patent Law, for the purposes of public health, the patent administrative department under the State Council may grant a compulsory license in order to facilitate the manufacture of patented medicines and their export to countries or regions which comply with the provisions of the relevant international treaties to which the PRC has acceded.

According to the Amendments to the Patent Law of which became effective from June 1, 2021, for the purpose of compensating for the time taken to evaluate and approve a new drug to be put on market, the patent administrative department under the State Council shall grant compensation for duration of patent rights for invention of a new drug approved to be put on market in China upon request of the patentee. The compensation period shall not exceed five years, and the total validity period of patent rights for a new drug approved to be put on market shall not exceed 14 years.

Trademarks

According to the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by the SCNPC on August 23, 1982, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively and effective as from November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of the period of validity shall undergo the renewal formalities within 12 months before expiry according to the relevant provisions. If failing to do so, the trademark registrant may be

granted a six-month grace period. The period of validity of each renewal is ten years, commencing from the day after the expiry date of the last period of validity. If the renewal formalities are not undergone within the grace period, the registration of the trademark shall be cancelled. The administrative department for industry and commerce under the State Council has the authority to investigate any conduct that infringes the exclusive right to use a registered trademark. In the event that a crime is suspected to have been committed, the administrative department for industry and commerce shall promptly transfer the case to the judicial department to be dealt with in accordance with the law.

Copyright

Copyright in the PRC is primarily protected by the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, and Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013. These law and regulations provide provisions on the classification of works and the obtaining and protection of copyright.

Domain names

Domain names are protected under the Administrative Measures for the Internet Domain Names of China (《中國互聯網絡域名管理辦法》) promulgated by the Ministry of Information Industry of the PRC (has been integrated into the Ministry of Industry and Information Technology of the PRC (the "**MIIT**")) on November 5, 2004. This regulation was replaced by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was issued by the MIIT on August 24, 2017 and effective as of November 1, 2017. The MIIT is the main regulatory body responsible for the administration of the PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations. The domain name services follow a "apply first, register first" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants shall become the holders of such domain names upon successful registration.

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》) which was promulgated by the SCNPC on September 2, 1993 and latest amended on April 23, 2019, "trade secret" means technical, operational or other commercial information unknown to the public and is of commercial value for which the right holder has taken corresponding confidentiality measures. A business shall not commit the following acts of infringing upon trade secrets: (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 another 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 another 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 a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. An illegal act as set forth in the preceding sentences committed by a natural person, legal person or non-legal persons shall be treated as infringement of the trade secret. Where a third party knows or should have known that an employee or a former employee of the right holder of a trade secret or any other entity or individual has committed an illegal act as specified in the preceding sentences but still acquires, discloses, uses, or allows another person to use the trade secret, the third party shall be deemed to have infringed upon the trade secret. The parties whose trade secrets are being misappropriated may petition for administrative remedies, and the supervision and inspection authorities shall order to cease the illegal acts and fine infringing parties.

Laws and Regulations on Information Security and Data Privacy

According to the Civil Code of the PRC, 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 May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Interpretations**"), which came into effect on June 1, 2017, clarifies several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including the "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods". In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

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》), 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.

The Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which were issued by the General Office of the CPC Central Committee and the General Office of the State Council in July 2021, require to speed up the revision of legislation on strengthening the confidentiality and archives coordination between regulators related to overseas issuance and listing of securities, and improvement to the legislation on data security, cross-border data flow, and management of confidential information.

Laws and Regulations on Employment and Social Securities

Employment

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) which was promulgated by the SCNPC on July 5, 1994 and subsequently amended on August 27, 2009 and December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which was promulgated by the SCNPC on June 29, 2007 and subsequently amended on December 28, 2012 and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) which was promulgated by the State Council on September 18, 2008, labor contracts in written form shall be needed to establish labor relationships between employers and employees. Wages cannot be lower than the local standards of minimum wages. The employer must establish the system of occupational safety and sanitation, strictly implement the rules and standards of the State, provide education regarding occupational safety and sanitation among employees, provide employees with labor safety and sanitation conditions and necessary articles of labor protection conforming to the provisions of the State, and provide regular health examination for employees engaged in work involving occupational hazards.

Social Insurance and Housing Provident Funds

Under applicable PRC laws related to the social insurance, including the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, the Interim Regulations on Levying Social Insurance Premiums (《社會保險費徵繳暫行條例》) which was promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999, amended on March 24, 2002 and March 24, 2019 respectively, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018, is the basic law for the prevention and control of occupational diseases.

According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

Laws and Regulations on Foreign Investment

Since January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), promulgated by the NPC has come into effect. The Sino-Foreign Equity Joint Ventures Law of the PRC, the Wholly Foreign-Owned Enterprises Law of the PRC and the Sino-Foreign Cooperative Joint Ventures Law of the PRC were abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC (《中華人民共和國公司法》) which was promulgated by the SCNPC on December 29, 1993, and lasted revised on December 29, 2023 and effective from July 1, 2024, and other laws.

The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The Negative List lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements.

While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM. The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly issued by the MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, foreign investors or foreign investment enterprises shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancelation reports, and annual reports.

Laws and Regulations on 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, and the Administrative Measures for the Outbound Investments of Enterprises (《企業境外投資管理辦法》) issued by the National Development and Reform Commission 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 (the "**Project**"), it shall be subject to approval or filing for 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.

Laws and Regulations on Dividend Distribution

According to the Company Law of the PRC, the Foreign Investment Law and Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) which was promulgated on December 26, 2019 by the State Council and became effective on January 1, 2020, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. An enterprise is required to set aside at least 10% of its respective accumulated profits to its statutory common reserve where it distributes its after-tax profits of the current year, until the accumulative amount of such reserve reaches 50% of its registered capital. If the aggregate balance of the enterprise's statutory common reserve is not enough to make up for the losses of the enterprise of the previous year, the current year's profits shall first be used for making up the losses before the statutory common reserve is drawn. After the enterprise has drawn statutory common reserve from the after-tax profits, it may, upon a resolution made by the shareholders' meeting, draw a discretionary common reserve from the after-tax profits. After the losses have been made up and common reserves have been drawn, the remaining profits shall be distributed to shareholders.

Laws and Regulations on Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) promulgated by the NPC on March 16, 2007, effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, as well as the Implementation Rules of the Enterprise Income Tax Law (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, coming into force on January 1, 2008 and amended on April 23, 2019, are the principal law and regulation governing enterprise income tax in the PRC. According to the Enterprise Income Tax Law and its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. And non-resident enterprises refer to enterprises that are legally established under foreign laws and

have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value Added Tax

According to the Temporary Regulations on Value Added Tax of the PRC (《中華人民共和國增值税暫行條例》) (the "**VAT Regulations**"), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 10, 2008, on February 6, 2016 and November 19, 2017 respectively, and the Detailed Rules for the Implementation of the VAT Regulations (《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 and came into effect on December 25, 1993 and was amended on December 15, 2008 and October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value added tax. Other than those as specified in the VAT Regulations, the tax rate of 17% shall be levied on taxpayers selling or importing various goods, and providing processing, repairing or replacement service. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) which was issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have value added tax taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Notice 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》) which was issued on March 20, 2019 by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs and became effective on April 1, 2019, the value added tax rate was reduced to 13% and 9%, respectively.

Laws and Regulations on Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008, which is the key foreign exchange control regulation in force. The Administrative Regulations on Foreign Exchange are applicable to the foreign exchange income and payment and foreign exchange operation activities of the domestic institutions and domestic individuals in China and the foreign exchange payment and collection and foreign exchange operation activities of the overseas institutions and overseas individuals in China.

According to 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》) issued by the State Administration of Foreign Exchange (the "**SAFE**") on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state 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 document and other disclosure documents.

On June 9, 2016, the SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of 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》) (the "**SAFE Circular 16**"), which was revised on December 4, 2023 and came into effect on the same day. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties).

According to the Circular of the State Administration of Foreign Exchange 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》) promulgated and effective on April 10, 2020 by the SAFE, under the prerequisite that the use of funds is genuine and in compliance with laws and complying with the prevailing administrative provisions on use of income from capital accounts, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated 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》) (the "**Overseas Listing Trial Measures**") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improves and reforms the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulates both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in mainland China. Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators.

H-share Full Circulation

"Full Circulation" represents listing and circulating on the Hong Kong Stock Exchange of the domestic unlisted shares of an H-share listed company, 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 announced 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》), which was revised on August 10, 2023. According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file with the CSRC. The H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the China Securities Depository and Clearing Corporation Limited (the "**CSDCC**") of the shares related to the application has been completed.

On December 31, 2019, the CSDCC and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》). The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "Full Circulation" business, are subject to these Measures for Implementation.

In order to fully promote the reform of H-shares "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, the CSDCC has issued the Guidelines to the Program for "Full Circulation" of H-shares (《H股「全流通」業務指南》) in February 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.. In February 2020, China Securities Depository and Clearing (Hong Kong) Limited (the "**CSDC (Hong Kong)**") also promulgated the Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Program for "Full Circulation" of H-shares (《中國證券登記結算(香港)有限公司H股「全流通」業務指南》) to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to these measures and guidelines, shareholders who apply for H Share "Full Circulation" (the "**Participating Shareholders**") shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., the CSDCC as the nominal shareholder, deposits the relevant securities held by the Participating Shareholders at the CSDC (Hong Kong), and the CSDC (Hong Kong) will then

deposit the securities at the HKSCC in its own name, and exercise the rights to the securities issuer through the HKSCC, while the HKSCC Nominees as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies.

LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the Federal Food Drug and Cosmetic Act (the "**FDCA**"), its implementing regulations, and biologics implemented under the FDCA and the Public Health Service Act (the "**PHSA**") and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties.

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the preclinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board (the "**IRB**"), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and re-approve the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in four sequential phases, known as Phase I, Phase II, Phase III and Phase IV, and may overlap. As long as clinical trials are thoughtfully designed, reflect what developers know about a product, safeguard participants, and otherwise meet Federal standards, FDA allows wide latitude in clinical trial design.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials generally involve a few hundred patients with the disease or condition for which the drug is being developed to provide additional safety data. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, possible adverse effects and safety risks are identified, and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

- Phase IV clinical trials, refer to as post-marketing studies, generally involve several thousand volunteers who have the disease or condition. The Phase IV clinical trials are conducted after a treatment is approved for use by the FDA, and the primary purpose of these clinical trials is to provide additional information including the treatment or drug's risks, benefits, and best use.

Specifically for oncology drugs and biologics, in August 2018, the FDA, together with other US competent authorities, introduced a draft guidance paper "*Expansion Cohorts: Use in First-In-Human Clinical Trials to Expedite Development of Oncology Drugs and Biologics Guidance for Industry*" (the "**Guidance**"), which was formally adopted in March 2022. This guidance paper acknowledges a new clinical trial design, which the FDA calls the first-in-human ("FIH") multiple expansion cohort trial. These are trial designs that have a single protocol with an initial dose escalation phase for the initial determination of a tolerated dose to assessments that are more typical of phase 2 trials (i.e., to estimate anti-tumor activity). The new trial design is intended to efficiently expedite the clinical development of oncology drugs, including biological products, through multiple expansion cohort trial designs.

Progress reports detailing the results of the clinical trials must be submitted more frequent than annual to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the

information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA or BLA. Unless deferred or waived, NDAs or BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of an NDA or a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within the required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

In the United States, products composed of components that would normally be regulated by different centers at the FDA are known as combination products. Typically, the FDA's Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer. The FDA determines which Center will lead a product's review based upon the product's primary mode of action. Depending on the type of combination product, its approval, clearance or licensure may usually be obtained through the submission of a single marketing application. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, the relevant Centers may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, adverse event reporting and good manufacturing practices, to their combination product.

Expedited Development and Review Programs

The FDA has various programs that are intended to expedite or simplify the process for the development and FDA review of drugs that are intended for the treatment of serious or life-threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

Fast Track Designation

To be eligible for a fast track designation, the FDA must determine, based on the request of a sponsor, that a drug is intended to treat a serious or life-threatening disease or condition for which there is no effective treatment and demonstrates the potential to address an unmet medical need for the disease or condition. Under the fast track program, the sponsor of a drug candidate may request the FDA to designate the product for a specific indication as a fast track product concurrent with or after the filing of the IND for the drug candidate. The FDA must make a fast track designation determination within 60 days after receipt of the sponsor's request.

In addition to other benefits, such as the ability to use surrogate endpoints and have greater interactions with the FDA, the FDA may initiate a review of sections of a fast track product's NDA before the application is complete. This rolling review is available if the applicant provides, and FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, FDA's time period goal for reviewing a fast track application does

not begin until the last section of the NDA is submitted. In addition, the fast track designation may be withdrawn by the FDA if FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Priority Review

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under the Prescription Drug User Fee Act (the "**PDUFA**") guidelines. These six and ten month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Most products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("**IMM**"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of a post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather preclinical and clinical data is as efficient as practicable.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstances.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations, known as "off-label use," and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label users, manufacturers may not market or promote such uses. The FDA and other agencies 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, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new BLA or BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy (the "**REMS**"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the "**ACA**"), became law in the United States in March 2010, and has driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare financed by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, and mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal healthcare programs.

Since its enactment, there have been judicial and congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, former President Trump has signed Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed, for example, the tax revision enacted by Congress in 2017 which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package eliminates, effective January 1, 2022, the ACA mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax. There may be other efforts to challenge, repeal or replace the ACA.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and BLA submission, and all of the review phase, which is the time between BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The United States Patent and Trademark Office (the "**USPTO**"), in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension may extend patent term for no more than five interim periods of up to one year each. USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which a BLA has not been submitted.

OVERVIEW

We are a synthetic biology-driven biopharmaceutical company committed to developing innovative drugs in oncology. Under the leadership of our co-founders, Dr. Tang Li and Dr. Qiu Rongguo, we have successfully developed three core technology platforms which focus on the R&D of synthetic biology new drugs. As of the Latest Practicable Date, we had one commercialized product and 19 other pipeline product candidates. Our Core Product, Utidelone Injection, received approval from the NMPA in 2021 for the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen. The approval ended a nearly two-decade absence of independently developed Class 1 innovative chemotherapy drugs in China. As of the Latest Practicable Date, Utidelone Injection was the only approved chemotherapy drug developed using synthetic biology technology, and it was also the sole microtubule inhibitor drug with a new molecular structure approved worldwide since 2010.

Our history can be traced back to the establishment of Beijing Biostar Technologies Co., Ltd.* (北京華昊中天生物技術有限公司), the predecessor of our Company prior to its conversion into a joint stock company under the laws of the PRC, on July 11, 2002. On May 8, 2021, pursuant to the promoters' agreement among the then Shareholders, our Company was converted into a joint stock limited liability company and was renamed as Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司). As of the Latest Practicable Date, the registered capital of our Company was RMB350 million, divided into 350,000,000 Shares, with a nominal value of RMB1.0 each.

MILESTONES

The following sets out a summary of our key business development milestones since our inception:

Year	Milestone(s)
2002	● The predecessor of our Company, Beijing Biostar Technologies Ltd.* (北京華昊中天生物技術有限公司) was established in July
2003	● Our first R&D laboratory was established in Beijing
2005	● We obtained the "High and New Technology Enterprises Approval Certificate"* (高新技術企業批准證書) issued by the Beijing Science Technology Committee* (北京市科學技術委員會) in July

Year	Milestone(s)
2007	• We received IND approval to conduct clinical trial of Utidelone Injection in China in April
	• We completed the project for the "Development of Protein Phosphatase 1 Specific Inhibitor TMC as an Anti-Cancer Drug"* ("蛋白磷酸酶1特異性抑制劑TMC作為抗癌藥的研製"項目) commissioned by the Beijing Haidian Science & Technology Commission* (北京市海淀區科學技術委員會) in December
2010	• We completed the PRC National High-Tech R&D Project (863 Project)* (國家高技術研究發展計劃) (863計劃) for the development of novel epothilone anticancer drugs utilizing combinatorial biosynthetic technology (組合生物合成技術開發新型埃博霉素抗腫瘤新藥項目) in November
	• We completed the "Technology-oriented small and medium-sized enterprise innovation fund project" (科技型中小企業技術創新基金項目) commissioned by the Ministry of Science and Technology (國家科技部) of China and conducted clinical study on Class 1 Anti-tumor new drug Utidelone Injection, an innovative epothilone (新型埃坡霉素國家1類抗癌新藥優替德隆注射液的臨床研究) in May
	• We completed a 11th Five-Year Plan — National Science and Technology Major Project* (十一五國家重大科技專項) in December, whereby we conducted a study on the druggability of Demethilone, an innovative epothilone (新型埃博霉素), as an anti-tumor drug (新型埃博霉素Demethilone作為抗腫瘤新藥的成藥性研究)
2011	• We received IND approval for continuing phase II/III clinical trial of Utidelone Injection in China in January
2012	• Our key pilot plant on synthetic biology was established
2013	• We underwent Series A Financing and raised RMB60,000,000

Year	Milestone(s)
2015	• Our Chengdu subsidiary was established and started operation in January
	• We underwent Series B Financing and raised RMB95,000,000
2016	• Utidelone Injection phase III clinical trial reached the primary endpoint towards the end of September and our principal investigators were invited for oral presentation at the ASCO in respect of the results of the clinical trial
2017	• We underwent Series C Financing and raised RMB100,000,000
	• The construction of our Chengdu manufacturing facility was completed, and the microbial fermentation production and microbial preparation platform was established. We also obtained the drug manufacturing license (藥品生產許可證) issued by the Sichuan Food and Drug Administration* （四川省食品藥品監督管理局）in December
2018	• NDA for Utidelone Injection was submitted and the priority review qualification was obtained in June
2019	• We underwent Series D Financing and raised RMB200,000,000
	• We completed a 13th Five-Year Plan — National Science and Technology Major Project* (十三五國家重大科技專項), whereby we conducted phase III clinical studies on Utidelone as a Class 1 anti-tumor new drug (國家1類抗腫瘤新藥優替帝的III期臨床研究)
	• Our team was recognized as a "High-level Innovative and Entrepreneurial Team" (高層次創新創業團隊) by the Sichuan Team for Works on Talents* (四川省人才工作領導小組) in May
2020	• We underwent Series E Financing and raised approximately RMB700,000,000
	• Utidelone Injection was included in the CSCO Breast Cancer Guidelines (2020 Edition) (《CSCO乳腺癌診療指南(2020)》)

Year	Milestone(s)
2021	• We obtained NMPA approval for our Utidelone Injection for treatment of metastasis breast cancer and launched in China in March
	• Our Company was converted into a joint stock limited company and renamed as Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司) in May
2022	• We obtained IND approvals for phase III clinical trial of Utidelone Injection for NSCLC and breast cancer neoadjuvant in March
	• We obtained IND approvals from FDA and NMPA for Utidelone Capsule clinical trials in December
	• Our subsidiary, Biostar Pharma, Inc. was established in April
2023	• Utidelone Injection was listed in China's NRDL (2022) in January which took effect in March 2023
	• FPI of phase II (stage 2) clinical trial of Utidelone Injection for advanced gastric and esophageal cancer in April
	• FDA approved the seamless phase II/III MRCT of Utidelone Injection for NSCLC and phase III MRCT of Utidelone Injection for advanced breast cancer in June
	• Utidelone Injection was upgraded to Grade I recommendation (level 1A evidence) in the CSCO Breast Cancer Guidelines (2022 Edition) (《CSCO乳腺癌診療指南(2022)》)
	• We obtained the award "2023 Top 100 Chinese Pharmaceutical Innovative Enterprises"* ("2023中國醫藥創新企業100強") for our outstanding performance in Pharmaceutical R&D

OUR SUBSIDIARIES

As of March 28, 2024, we had 2 wholly-owned subsidiaries and 10 branches. The following table sets out certain information of our subsidiaries as of March 28, 2024:

Name of Subsidiary	Date and place of incorporation	Equity interest attributable to our Group	Principal activities
Chengdu Biostar	January 26, 2015, PRC	100%	Pharmaceutical production, R&D, and sales and marketing of pharmaceutical products
Biostar Pharma, Inc.*(Note)*	April 27, 2022, U.S.	100%	Pharmaceutical R&D

Note: Biostar Pharma, Inc. was incorporated on April 27, 2022 in California, the U.S.. Pursuant to the Stock Purchase Agreement dated July 26, 2022 and as amended by the Amendment to Stock Purchase Agreement dated September 1, 2022 between our Company and Biostar Pharma, Inc., our Company made a total capital contribution in the amount of US$4,000,000 in Biostar Pharma, Inc. which was fully settled on November 21, 2022.

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR GROUP

Establishment of the predecessor of our Company in July 2002 and the major shareholding changes in our Company prior to 2006

The predecessor of our Company was established as a limited liability company known as Beijing Biostar Technologies Ltd.* (北京華昊中天生物技術有限公司) in the PRC on July 11, 2002 with an initial registered capital of RMB1,000,000 by Dr. Tang Li (唐莉), Dr. Qiu Rongguo (邱榮國), Mr. Wang Jian, Mr. Yang Jiu and Beijing Huayin Industrial Development Group Co., Ltd.* (北京市華銀實業開發集團) ("**Beijing Huayin**"), holding 22.00%, 22.00%, 21.00%, 20.00% and 15.00% of our Company's then equity interest, respectively.

Shortly after the establishment of our Company, as Beijing Huayin decided to divest its investment in our Company and the other then shareholders intended to hold their respective equity interests through their controlled entities, our Company went through a shareholding restructure. On January 17, 2005, a series of equity transfer agreements were entered into among the then shareholders, United Creation Holding Limited (聯創集團有限公司), a limited company incorporated in Hong Kong which was ultimately controlled by Mr. Wang Jian, Dalian Rongke Investment Development Co., Ltd.* (大連融科投資發展有限公司) ("**Dalian Rongke**"), a limited company which was ultimately controlled by Mr. Yang Jiu, and Baygen QT Inc., a limited company incorporated in the U.S. and was ultimately controlled by Dr. Tang Li, pursuant to which, (i) Beijing Huayin transferred 15.00% equity interest to United Creation Holding Limited at a consideration of RMB150,000; (ii) Mr. Yang Jiu transferred 9.00% equity interest in our Company to Dalian Rongke at the consideration of RMB90,000; (iii) Mr. Wang Jian, Mr. Yang Jiu and Dr. Qiu Rongguo respectively transferred 21.00%, 11.00% and 3.5% equity interest in our Company to

United Creation Holding Limited at the consideration of RMB210,000, RMB110,000 and RMB35,000, respectively; and (iv) Dr. Tang Li and Dr. Qiu Rongguo transferred 22.00% and 18.50% equity interest in our Company at the consideration of RMB220,000 and RMB185,000, respectively to Baygen QT Inc., all reflecting the amount of registered capital corresponding to the equity interest in our Company being transferred.

Capital increase and equity transfers in 2006

In 2006, our Company intended to increase our registered capital to raise funds for carrying out R&D activities, and Beijing Toward Investment Co., Ltd.* (北京泰沃德投資有限公司) ("**Beijing Toward**"), a limited company established under the laws of the PRC which was controlled by Mr. Wu Li (吳立), an independent third party, was proposed as a new shareholder candidate of our Company. Since the financial liquidity of the then shareholders was limited at the time, our Company underwent equity transfers before and after the capital increase in order to achieve the agreed shareholding structure by the relevant parties.

On June 2, 2006, Baygen QT Inc., Dalian Rongke and United Creation Holding Limited transferred 20.50%, 8.10% and 49.60% equity interest in our Company, respectively, to Beijing Toward at a total consideration of RMB782,000, reflecting the amount of registered capital being transferred. On the same day and immediately following the equity transfer, the relevant parties subscribed for further registered capital of our Company on pro rata basis increasing the registered capital of our Company to RMB10,000,000.

On September 12, 2006, Beijing Toward transferred 20.50%, 8.10% and 7.60% equity interest in our Company to Baygen QT Inc., Dalian Rongke and United Creation Holding Limited at a total consideration of RMB3,620,000, reflecting the amount of registered capital transferred.

Upon completion of the above two rounds of equity transfers and one round of capital increase, our Company had a registered capital of RMB10,000,000, and was owned by Beijing Toward, Baygen QT Inc., Dalian Rongke and United Creation Holding Limited as to 42.00%, 40.50%, 9.00% and 8.50%, respectively.

Equity transfer in October 2011

On August 31, 2011, Beijing Toward, Dalian Rongke, United Creation Holding Limited and Shandong Xunda Chemical Industrial Group Co., Ltd.* (山東迅達化工集團有限公司) ("**Shandong Xunda**"), which was ultimately controlled by Mr. Cui Chuanyi (崔傳義), an independent third party, entered into an equity transfer agreement since the three abovementioned then shareholders intended to exit while Shandong Xunda intended to invest in our Company. Pursuant to the aforesaid agreement, Beijing Toward, Dalian Rongke and United Creation Holding Limited transferred all their equity interest, totaling 59.50% equity interest in our Company, to Shandong Xunda at an aggregate consideration of RMB29,750,000 which was determined based on arm's length negotiation among the transferors and the transferee.

Upon completion of the above transfers in October 2011, our Company was owned by Shandong Xunda and Baygen QT Inc. as to 59.50% and 40.50%, respectively.

Series A Financing and investment from Zhongguancun Development

In 2013, Beijing Lapam Venture Capital Centre (Limited Partnership)* (北京龍磐創業投資中心(有限合夥)) ("**Lapam VC**"), and Shandong Zhuyu Commerce & Trade Co., Ltd.* (山東鑄鈺商貿有限公司) ("**Shandong Zhuyu**"), which was ultimately controlled by Mr. Xu Yuming (徐玉明), an independent third party, agreed to invest in our Company. Lapam VC and Shandong Zhuyu each agreed to invest RMB30,000,000 in our Company, at a total investment of RMB60,000,000 (the "**Series A Financing**").

In December 2012, Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) ("**Zhongguancun Development**"), which was ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing* (北京市人民政府國有資產監督管理委員會) was entrusted by the Beijing Municipal Commission of Science and Technology* (北京市科學技術委員會) as a professional management institution to make equity investment in our Company to support our clinical trial project on Utidelone Injection pursuant to the "Major Scientific and Technological Achievement Industrialization Project"* ("重大科技成果產業化項目") commissioned by, among others, the Beijing Municipal Finance Bureau (北京市財政局). The amount of the investment from Zhongguancun Development was RMB10,000,000 with a term of investment of no more than three years.

The details of the Series A Financing, the investment from Zhongguancun Development and equity transfers of certain equity in the Company in 2015 are set out as follows:

Date of the equity transfer agreements/ capital increase subscription agreement	Transferors	Transferees/ Subscribers	Registered capital subscribed for/ registered capital corresponding to the equity interest transferred	Consideration	Basis of consideration
			(RMB)	*(RMB)*	
July 14, 2013 (capital increase)	/	Lapam VC	2,537,300[1]	30,000,000[1]	Determined based on arm's length negotiations among the relevant parties taking into account the net assets and operation of our Company
August 31, 2013 (equity transfer)	Shandong Xunda	Beijing Baygen	1,867,000	1,867,000	Reflecting the amount of registered capital corresponding to the equity interest being transferred
November 8, 2013 (capital increase)	/	Shandong Zhuyu	3,082,100	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the net assets and operation of our Company

Date of the equity transfer agreements/ capital increase subscription agreement	Transferors	Transferees/ Subscribers	Registered capital subscribed for/ registered capital corresponding to the equity interest transferred	Consideration	Basis of consideration
			(RMB)	*(RMB)*	
July 11, 2014 (capital increase)	/	Zhongguancun Development	710,400	10,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the net asset value of our Company
April 19, 2015 (equity transfer)	Shandong Xunda	Beijing Baygen	59,100	Nil	Determined by mutual agreement of all parties taking into account that the equity interest transferred would be utilized in future incentive plans of our Company
	Shandong Zhuyu	Beijing Baygen	121,500	Nil	Determined by mutual agreement of all parties taking into account that the equity interest transferred would be utilized in future incentive plans of our Company
	Shandong Xunda	Lapam VC	103,200	Nil	Determined by mutual agreement among the relevant parties for the purpose of equity structure adjustment of our Company

Note 1: Pursuant to the capital increase subscription agreement, Lapam VC agreed to invest a total amount of RMB30,000,000 in our Company which was completed in two rounds, namely, a subscription for RMB1,320,700 of the registered capital of our Company at a consideration of RMB12,855,100 on November 8, 2013 and a subscription for RMB1,216,600 of the registered capital of our Company at a consideration of 17,144,900 on July 28, 2014.

The above equity transfers and capital increases were fully settled on June 15, 2015. Upon completion, our Company had a registered capital of RMB16,329,800, and was owned by Baygen QT Inc., Shandong Xunda, Shandong Zhuyu, Lapam VC, Beijing Baygen and Zhongguancun Development as to approximately 24.80%, 24.01%, 18.13%, 16.17%, 12.54% and 4.35%, respectively.

Series B Financing

Our Company underwent Series B Financing from May 2015 to May 2016 through capital increases and equity transfers (the "**Series B Financing**"). Pursuant to the capital contribution agreements dated May 31, 2015 and June 16, 2015 entered into among our Company, our then Shareholders and the Series B Financing investors set forth below, the registered capital of our Company was increased to RMB22,232,860, and the following Series B Financing investors and Dr. Tang Li agreed to subscribe for a total amount of RMB5,903,060 in the registered capital of our Company at an aggregate consideration of RMB95,600,000. The respective subscription amount and consideration paid by the subscribers in Series B Financing are set out as follow:

Date of capital increase agreements	Subscribers	Registered capital subscribed for	Consideration	Basis of consideration
		(RMB)	*(RMB)*	
May 31, 2015	Xiamen Yingyan Technology Co. Ltd.* (廈門鷹燕科技有限公司) ("**Xiamen Yingyan**")	1,688,570	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
June 16, 2015	Shenzhen Dachen Chuangfeng Equity Investment Enterprise (Limited Partnership)* (深圳市達晨創豐股權投資企業(有限合夥)) ("**Shenzhen Dachen**")	1,773,000	31,500,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	Beijing Chongde Hongxin Venture Capital Centre (Limited Partnership)* (北京崇德弘信創業投資中心(有限合夥)) ("**Beijing Chongde**")	1,688,570	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	Mr. Xiong Renjie	197,000	3,500,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	Dr. Tang Li	555,920	600,000	Reward for Tang Li for her contribution as a core R&D personnel and senior management of our Company and was settled by way of transferring intangible assets with an appraised value of RMB600,000 to the Company

Equity transfers in Series B Financing

On February 26, 2016, Shenzhen Dachen, Mr. Xiong Renjie, Beijing Chongde, Xiamen Yingyan and Beijing Baygen entered into an equity transfer agreement, pursuant to which, Beijing Baygen acquired equity interest in the Company corresponding to the registered capital in the Company in the total amount of RMB905,350, with equity interest transferred from Shenzhen Dachen, Mr. Xiong Renjie, Beijing Chongde, Xiamen Yingyan that corresponded to RMB266,910, RMB29,660, RMB254,190 and RMB354,590 in the registered capital of the Company, respectively, all at nil consideration, as reward to Dr. Tang Li and Dr. Qiu Rongguo, the two shareholders of Beijing Baygen at the time, for their contribution in the R&D activities and management of our Company.

Upon completion of the Series B Financing and aforementioned equity transfers, the registered capital of our Company was increased to RMB22,232,860, and our Company was owned by Baygen QT Inc., Shandong Xunda, Shandong Zhuyu, Beijing Baygen, Lapam VC, Shenzhen Dachen, Beijing Chongde, Xiamen Yingyan, Zhongguancun Development, Dr. Tang Li and Mr. Xiong Renjie as to 18.22%, 17.63%, 13.32%, 13.28%, 11.88%, 6.77%, 6.45%, 6.00%, 3.20%, 2.50% and 0.75%, respectively.

Capital changes in December 2016 and March 2017

After the completion of the Series B Financing and prior to the Series C Financing, there were two rounds of capital changes, the details of which were as follows:

As an exit condition in the equity investment agreement dated July 11, 2014 between the Company and Zhongguancun Development, Zhongguancun Development was to withdraw its investment in our Company upon the completion of the relevant clinical trials on Utidelone. On November 18, 2016, a capital reduction agreement was entered into between Zhongguancun Development and our Company, pursuant to which Zhongguancun Development divested the registered capital of RMB710,400 at a consideration of RMB10,082,930.56, which was determined based on the agreements between the investor and our Company at the time of investment.

On November 15, 2016, the then shareholders of our Company entered into a capital increase agreement, pursuant to which Beijing Baygen subscribed for the newly issued registered capital of RMB710,400 at a consideration of RMB710,400, reflecting the amount of registered capital being subscribed for as reward to Dr. Tang Li and Dr. Qiu Rongguo for their contribution as core R&D personnel and senior management of the Company. The capital increase was fully settled on August 24, 2020.

Upon completion of registration of the above capital changes in December 2016 and March 2017, the registered capital of our Company was RMB22,232,860, and our Company was owned by Baygen QT Inc., Shandong Xunda, Beijing Baygen, Shandong Zhuyu, Lapam VC, Shenzhen Dachen, Beijing Chongde, Xiamen Yingyan, Dr. Tang Li and Mr. Xiong Renjie as to approximately 18.22%, 17.63%, 16.48%, 13.32%, 11.88%, 6.77%, 6.45%, 6.00%, 2.50% and 0.75%, respectively.

Series C Financing

Our Company underwent Series C Financing in 2017 through capital increases and equity transfers (the "**Series C Financing**"). Pursuant to the capital increase subscription agreements entered into among the Series C Financing investors set forth below and our then Shareholders, the registered capital was increased from RMB22,232,860 to RMB24,848,490. The respective subscription amount in the registered capital of our Company and consideration paid by the subscribers in the Series C Financing are set out as follow:

Date of capital increase agreements	Subscribers	Registered capital subscribed for	Consideration	Basis of consideration
		(RMB)	*(RMB)*	
December 26, 2016	Beijing Zhongling Yanyuan Venture Capital Center (Limited Partnership)* (北京中嶺燕園創業投資中心(有限合夥)) ("**Zhongling VC**")	784,689	30,000,000	Determined based on arm's length negotiations among the parties taking into account the pre-money valuation of our Company
May 2, 2017	Betta Pharmaceuticals Co., Ltd.	1,307,815	50,000,000	Determined based on arm's length negotiations among the parties taking into account the pre-money valuation of our Company
May 2017	Zhuhai Xingkong Yaoguang Investment Partnership (Limited Partnership)* (珠海星空瑤光投資合夥企業(有限合夥)) ("**Zhuhai Xingkong**")	523,126	20,000,000	Determined based on arm's length negotiations among the parties taking into account the pre-money valuation of our Company

Equity transfers in Series C Financing

On August 12, 2017, the Series C Financing investors each transferred 15% of their newly subscribed equity interest to Beijing Baygen at nil consideration based on consensus among the relevant parties taking into account that the transferred equity interest would be later utilized as employee incentive rewards to our management team and R&D team.

Upon completion of the Series C Financing and the aforementioned equity transfers, our Company was owned by Beijing Baygen, Baygen QT Inc., Shandong Xunda, Shandong Zhuyu, Lapam VC, Shenzhen Dachen, Beijing Chongde, Xiamen Yingyan, Betta Pharmaceuticals Co., Ltd., Zhongling VC, Dr. Tang Li, Zhuhai Xingkong and Mr. Xiong Renjie as to 16.32%, 16.30%, 15.78%, 11.91%, 10.63%, 6.06%, 5.77%, 5.37%, 4.47%, 2.68%, 2.24%, 1.79%, and 0.67%, respectively.

Equity transfers in August 2018

On April 15, 2018, an equity transfer agreement was entered into among the parties set forth below, with details set out as follows:

Transferors	Transferees	Registered capital corresponding to the equity interest being transferred	Consideration	Basis of consideration and/or reason of transfer
		(RMB)	*(RMB)*	
Beijing Baygen	Zhuhai Xingkong	80,932	3,582,664	Determined based on arm's length negotiations among the parties
Dr. Tang Li		5,541	245,298	
Mr. Xiong Renjie		70,719	3,130,568	
Shandong Zhuyu		68,706	3,041,470	
Lapam VC	Beijing Lapam Biopharm Venture Capital Centre (Limited Partnership)* (北京龍磐生物醫藥創業投資中心(有限合夥)) ("**Lapam Biopharm VC**")	440,083	7,800,000[2]	The transferor and transferee were two funds under the same controlling party and the transfer was a result of shareholding restructure and the consideration was determined based on arm's length negotiations among the parties
Xiamen Yingyan	Beijing Baygen	222,330	8,947,000	Determined based on arm's length negotiations among the relevant parties
Xiamen Yingyan	Ms. Zhang Haiyan	1,111,650	21,054,651[3]	Xiamen Yingyan was controlled by Ms. Zhang Haiyan's father, and the transfer was effected to facilitate family shareholding arrangements
Shandong Xunda	Tibet Xinsheng Deyuan Venture Capital Management Co., Ltd* (西藏馨升德源創業投資管理有限公司) ("**Shanghai Xinsheng**"[1])	3,920,700	173,562,400	Determined based on arm's length negotiations among the parties

Note 1: Shanghai Xin Sheng De Yuan Enterprise Management Centre (Limited Partnership)* (上海馨升德源企業管理中心(有限合夥)), formerly known as "Beijing Xin Sheng De Yuan Enterprise Management Centre (Limited Partnership)* (北京馨升德源企業管理中心(有限合夥))", "Beijing Xin Sheng De Yuan Enterprise Management Co. Ltd.* (北京馨升德源企業管理有限公司)" and "Tibet Xin Sheng De Yuan Venture Capital Management Co.* (西藏馨升德源創業投資管理有限公司)", altogether as "***Shanghai Xinsheng***".

Note 2: The consideration for the equity transfer between Lapam VC and Lapam Biopharm VC was settled through offsetting credits and debts instead of currency payment.

Note 3: The payment of consideration for the equity transfer between Xiamen Yingyan and Ms. Zhanghaiyan was waived as the transfer was effected to facilitate family shareholding arrangements.

Upon completion of equity transfers pursuant to the above agreement, our Company was owned by Beijing Baygen, Baygen QT Inc., Shanghai Xinsheng, Shandong Zhuyu, Lapam VC, Shenzhen Dachen, Beijing Chongde, Ms. Zhang Haiyan, Betta Pharmaceuticals Co., Ltd., Zhuhai Xingkong, Zhongling VC, Dr. Tang Li, Lapam Biopharm VC and Mr. Xiong Renjie as to approximately 16.89%, 16.30%, 15.78%, 11.64%, 8.86%, 6.06%, 5.77%, 4.47%, 4.47%, 2.70%, 2.68%, 2.21%, 1.77% and 0.39%, respectively.

Series D Financing

Pursuant to the capital increase agreements dated December 5, 2018 entered into among the Series D Financing investors set forth below, our Company and our then Shareholders, the registered capital of our Company was increased to RMB28,838,996, and the following Series D Financing investors subscribed for the increased registered capital of RMB2,548,556 at an aggregate consideration of RMB200,000,000 determined based on arm's length negotiations among the relevant parties, and Beijing Baygen subscribed for the newly registered capital of RMB1,441,950 at a consideration of RMB1,441,950. The respective subscription amount and consideration paid by the subscribers in the Series D Financing are set out as follows:

Subscribers	Registered capital subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
SDIC VC Fund (Shanghai) of Technology Transfer and Commercialization (Limited Partnership)* (國投(上海)科技成果轉化創業投資基金企業(有限合夥)) ("**SDIC VC**")	1,274,278	100,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Nanjing Gaoke Xinjun Growth Phase I Equity Investment Partnership (Limited Partnership)* (南京高科新浚成長一期股權投資合夥企業(有限合夥)) ("**Gaoke Xinjun**")	637,139	50,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Sichuan Xintongde Big Data Industry Venture Capital Partnership (Limited Partnership)* (四川新同德大數據產業創業投資合夥企業(有限合夥)) ("**Sichuan Xintongde**")	191,142	15,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Chengdu Venture Capital Co., Ltd.* (成都創新風險投資有限公司) ("**Chengdu VC**")	312,198	24,500,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company

Subscribers	Registered capital subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
Chengdu Jingrong Venture Capital Co., Ltd.* (成都菁融創業投資有限 公司) ("**Chengdu Jingrong**")	127,428	10,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Chengdu Chengchuang Zhilian Technology Partnership (Limited Partnership)* (成都成創智聯科技合夥企業(有限合夥)) ("**Chengdu Chengchuang**")	6,371	500,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Beijing Baygen	1,441,950	1,441,950	As rewards to members of the sales team of our Company under the employee incentive schemes of our Company

The aforesaid capital increase was completed in January 2019 and upon completion, our Company was owned by Beijing Baygen, Baygen QT Inc., Shanghai Xinsheng, Shandong Zhuyu, Lapam VC, Shenzhen Dachen, Beijing Chongde, SDIC VC, Ms. Zhang Haiyan, Betta Pharmaceuticals Co., Ltd., Zhuhai Xingkong, Zhongling VC, Gaoke Xinjun, Dr. Tang Li, Lapam Biopharm VC, Chengdu VC, Sichuan Xintongde, Chengdu Jingrong, Mr. Xiong Renjie and Chengdu Chengchuang as to 19.55%, 14.04%, 13.60%, 10.03%, 7.63%, 5.22%, 4.97%, 4.42%, 3.85%, 3.85%, 2.33%, 2.31%, 2.21%, 1.91%, 1.53%, 1.08%, 0.66%, 0.44%, 0.34% and 0.02%, respectively.

Equity transfers in March 2019 and October 2019

After Series D Financing, our Company underwent two rounds of equity transfers, and the registration of the said equity transfers were completed in March 2019 and October 2019, respectively. The respective transfer amount and consideration paid for the two rounds of equity transfers were as follows:

Date of equity transfer agreements	Transferors	Transferees	Registered capital corresponding to the equity interest being transferred	Consideration	Basis of consideration and/or reason of transfer
			(RMB)	*(RMB)*	
December 15, 2018	Beijing Baygen	Shenzhen Dachen	124,255	Nil	Pursuant to the agreement between Beijing Baygen and the transferees, Beijing Baygen agreed to transfer the subject interest to the transferees at nil consideration, and the transferee agreed for Beijing Baygen to unconditionally retain the rest of the interest not transferred under this transaction that was granted to the management team and R&D team of the Company as set forth in the agreements relating to Series B Financing
		Beijing Chongde	118,320	Nil	
		Mr. Xiong Renjie	13,810	Nil	
	Lapam VC	SDIC VC	573,427	45,000,000	Determined based on arm's length negotiations among the relevant parties
	Shenzhen Dachen		348,310	27,333,861.73	
	Mr. Xiong Renjie		110,431	8,666,138.27	
	Dr. Tang Li		191,138	15,000,000	
	Shandong Zhuyu		444,657	34,000,000	
April 28, 2019	Shandong Zhuyu	Tibet Renhe Zhengtai Venture Capital Management Co., Ltd.* (西藏仁和正泰創業投資管理有限公司) ("**Shanghai Haidai**"[1])	2,447,237	169,178,000	Determined based on arm's length negotiations among the relevant parties taking into account the valuation of our Company

Note 1: Shanghai Haidai Botai Enterprise Management Centre (Limited Partnership) (上海海岱帛泰企業管理中心(有限合伙)), formerly known as "Beijing Dexin Botai Enterprise Management Centre (Limited Partnership) (北京德馨帛泰企業管理中心(有限合伙))", "Beijing Dexin Botai Enterprise Management Co. Ltd. (北京德馨帛泰企業管理有限公司)" and "Tibet Renhe Zhengtai Venture Capital Management Co., Ltd. (西藏仁和正泰創業投資管理有限公司)", altogether "***Shanghai Haidai***"

Upon completion of the aforementioned equity transfers, our Company was owned by Beijing Baygen, Baygen QT Inc., Shanghai Xinsheng, SDIC VC, Shanghai Haidai, Lapam VC, Beijing Chongde, Shenzhen Dachen, Ms. Zhang Haiyan, Betta Pharmaceuticals Co., Ltd., Zhuhai Xingkong, Zhongling VC, Gaoke Xinjun, Lapam Biopharm VC, Dr. Tang Li, Chengdu VC, Sichuan Xintongde, Chengdu Jingrong and Chengdu Chengchuang as to 18.66%, 14.04%, 13.60%, 10.20%, 8.49%, 5.64%, 5.38%, 4.45%, 3.85%, 3.85%, 2.33%, 2.31%, 2.21%, 1.53%, 1.25%, 1.08%, 0.66%, 0.44% and 0.02%, respectively.

Series E Financing and equity transfer in January 2021

Our Company underwent Series E Financing in 2020 through capital increase and equity transfers (the "**Series E Financing**") pursuant to the board resolution passed on October 30, 2020, the capital increase subscription agreements and the equity transfer agreements entered into among the respective investors and the then shareholders of our Company in November 2020.

Subscription of increased registered capital in Series E Financing

The Series E Financing investors, their respective subscription amount in the registered capital of our Company and consideration paid are set out as follows:

Subscribers	Registered capital subscribed for	Consideration	Basis of consideration
	(RMB)	*(RMB)*	
Efung Ruihua (Zaozhuang) Venture Capital Centre (Limited Partnership)* (倚鋒睿華(棗莊)創業投資中心(有限合夥)) ("**Efung Ruihua**")	1,636,807	210,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Efung XIV (Zaozhuang) Venture Capital Centre (Limited Partnership)* (倚鋒十四期(棗莊)創業投資中心(有限合夥)) ("**Efung XIV**")	545,602	70,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Matrix Partners China VI Hong Kong Limited	1,714,751	US$33,595,993 (equivalent to approximately RMB220,000,000)	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
CCTC Zhongmin (Kunshan) Venture Capital Enterprise (Limited Partnership)* (建創中民(昆山)創業投資企業(有限合夥)) ("**Jianchuang Zhongmin**")	155,886	20,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company

Subscribers	Registered capital subscribed for *(RMB)*	Consideration *(RMB)*	Basis of consideration
Ningbo Meishan Free Trade Port Zone Qirui Investment Center (Limited Partnership)* (寧波梅山保稅港區祺睿股權投資中心(有限合夥)) ("**Ningbo Qirui**")	311,772	40,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Shenzhen Qianhai Jiancheng Kaiyuan Enterprise Management Co., Ltd.* (深圳前海建成開元企業管理有限公司) ("**Qianhai Jiancheng**")*(Note)*	233,829	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Tianjin Tianchuang Yongxin Enterprise Management Partnership (Limited Partnership)* (天津天創湧鑫企業管理合夥企業(有限合夥)) ("**Tianjin Tianchuang**")	389,716	50,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Chengdu Bio-City I Equity Investment Fund Partnership (Limited Partnership)* (成都生物城一號股權投資基金合夥企業(有限合夥)) ("**Chengdu Bio-city**")	233,829	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Jinjiang Guangzhi Chuangke I Equity Investment Partnership (Limited Partnership)* (晉江光資創科壹號股權投資合夥企業(有限合夥)) ("**Jinjiang Guangzi**")	77,943	10,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Jinding Investment (Tianjin) Co., Ltd.* (金鼎投資(天津)有限公司) ("**Jinding Investment**")	155,886	20,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
Zhuhai Huajin	699,898	6,970,984	The registered capital was subscribed for pursuant to an employee incentive plan of our Company and the basis of the consideration was determined with reference to, among other things, the net asset value of our Company accordingly

Note: Shenzhen Qianhai Jiancheng Kaiyuan Enterprise Management Co., Ltd.* (深圳前海建成開元企業管理有限公司), formerly known as "Shenzhen Qianhai Jiancheng Investment Co., Ltd.* (深圳前海建成投資有限公司)", altogether "**Qianhai Jiancheng**".

Equity transfers in Series E Financing

The details of the respective transfers immediately after the capital increases are set out as follows:

Transferors	Transferees	Registered capital corresponding to the equity interest being transferred	Consideration	Basis of consideration and/or reason of transfer
		(RMB)	*(RMB)*	
Beijing Baygen	Zhuhai Jingrong	2,538,985	Nil	The transfer was an equity transfer between two entities controlled by Dr. Tang Li
	Zhuhai Huajin	1,221,909	Nil	Equity transferred to an employee incentive platform for awards to employees of the Company
Beijing Baygen	Foshan Hongtao Tongxuan Equity Investment Partnership (Limited Partnership)* (佛山弘陶同選股權投資合夥企業(有限合夥)) ("**Foshan Hongtao**")	140,842	21,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
	Xiamen Feiyu Yingchuang Industrial Investment Partnership (Limited Partnership)* (廈門斐昱螢創實業投資合夥企業(有限合夥)) ("**Xiamen Feiyu**")	38,971	5,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
Lapam Biopharm VC	Ningbo Meishan Free Trade Port Zone Jiusheng Investment Partnership (Limited Partnership)* (寧波梅山保稅港區久生投資合夥企業(有限合夥)) ("**Ningbo Jiusheng**")	389,715	50,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
	Xiamen Feiyu	50,368	6,462,139	The consideration was determined based on arm's length negotiations among the relevant parties

Transferors	Transferees	Registered capital corresponding to the equity interest being transferred	Consideration	Basis of consideration and/or reason of transfer
		(RMB)	*(RMB)*	
Lapam VC	Xiamen Feiyu	27,575	3,537,681	The consideration was determined based on arm's length negotiations among the relevant parties
	Foshan Zhiyao I Venture Capital Partnership (Limited Partnership)* (佛山市智藥壹號創業投資合夥企業(有限合夥)) ("**Foshan Zhiyao VC**")	202,652	26,000,000	
Shanghai Xinsheng	Langma No. 26 (Shenzhen) Venture Capital Centre (Limited Partnership)* (朗瑪二十六號(深圳)創業投資中心(有限合夥)) ("**Langma No. 26**")	67,067	10,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
	Langma No. 32 (Shenzhen) Venture Capital Centre (Limited Partnership)* (朗瑪三十二號(深圳)創業投資中心(有限合夥)) ("**Langma No. 32**")	80,481	12,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
	Langma No. 34 (Shenzhen) Venture Capital Centre (Limited Partnership)* (朗瑪三十四號(深圳)創業投資中心(有限合夥)) ("**Langma No. 34**")	120,722	18,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
	Shenzhen Zhongju Huixin Investment Centre (Limited Partnership)* (深圳中聚匯信投資中心(有限合夥)) ("**Shenzhen Zhongju**")	67,067	10,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
	Foshan Hongtao	67,067	10,000,000	The consideration was determined based on arm's length negotiations among the relevant parties

Transferors	Transferees	Registered capital corresponding to the equity interest being transferred	Consideration	Basis of consideration and/or reason of transfer
		(RMB)	*(RMB)*	
Shanghai Xinsheng	Xiamen Feiyu	38,972	5,000,000	The consideration was determined based on arm's length negotiations among the relevant parties
Zhuhai Xingkong	Jiaxing Xingkong Equity Investment Partnership (Limited Partnership)* (嘉興星空瑰琦股權投資合夥企業(有限合夥)) ("**Jiaxing Xingkong**")	268,260	20,000,000	The transferor and transferee were two funds under the same controlling party and the transfer was a result of a shareholding restructures and the consideration was determined based on arm's length negotiations among the relevant parties

Upon completion of the Series E Financing, the Series E investors subscribed the registered capital of our Company in a total amount of RMB5,456,021 at an aggregate consideration of approximately RMB700,000,000 and acquired the registered capital of our Company in a total amount of RMB1,559,759 at an aggregate consideration of RMB196,999,820, and the registered capital of our Company was increased to RMB34,994,915.

Equity transfer in January 2021

Pursuant to an equity transfer agreement dated December 31, 2020 entered into between Beijing Baygen and Zhuhai Huaxin for the purpose of transferring the incentive equity interest to our share incentive platform, Beijing Baygen transferred 4.00% equity interest in our Company, corresponding to registered capital of RMB1,400,000, to Zhuhai Huaxin at a consideration of RMB1,400,000. The transfer was completed in January 2021.

Upon completion of the above equity transfer, the registered capital was RMB34,994,915, and our Company was owned by Baygen QT Inc., Shanghai Xinsheng, SDIC VC, Zhuhai Jingrong, Shanghai Haidai, Zhuhai Huajin, Matrix Partners China VI Hong Kong Limited, Efung Ruihua, Beijing Chongde, Zhuhai Huaxin, Lapam VC, Shenzhen Dachen, Ms. Zhang Haiyan, Betta Pharmaceuticals Co., Ltd., Zhongling VC, Gaoke Xinjun, Efung XIV, Zhuhai Xingkong, Tianjin Tianchuang, Ningbo Jiusheng, Dr. Tang Li, Chengdu VC, Ningbo Qirui, Jiaxing Xingkong, Chengdu Bio-city, Qianhai Jiancheng, Foshan Hongtao, Foshan Zhiyao VC, Sichuan Xintongde, Jianchuang Zhongmin, Jinding Investment, Xiamen Feiyu, Chengdu Jingrong, Langma 34, Langma 32, Jinjiang Guangzi, Shenzhen Zhongju, Langma 26, Beijing Baygen and Chengdu Chengchuang as to approximately 11.57%, 9.94%, 8.41%, 7.26%, 6.99%, 5.49%, 4.90%, 4.68%, 4.44%, 4.00%,

3.99%, 3.66%, 3.18%, 3.18%, 1.91%, 1.82%, 1.56%, 1.15%, 1.11%, 1.11%, 1.03%, 0.89%, 0.89%, 0.77%, 0.67%, 0.67%, 0.59%, 0.58%, 0.55%, 0.45%, 0.45%, 0.45%, 0.36%, 0.34%, 0.23%, 0.22%, 0.19%, 0.19%, 0.12% and 0.02%, respectively.

Conversion into a Joint-Stock Company

On May 8, 2021, pursuant to the promoters' agreement entered into among the then Shareholders, our Company was converted into a joint-stock limited liability company and was renamed as Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司). As of the Latest Practicable Date, the registered capital of our Company was RMB350 million, divided into 350,000,000 Shares, with a nominal value of RMB1.0 each.

Share transfers after the conversion into a Joint-Stock Company

On April 1, 2022, Zhuhai Huarong and Zhuhai Jingrong entered into a share transfer agreement for the purpose of transferring the incentive shares to our share incentive platform, pursuant to which, Zhuhai Jingrong transferred 5,000,742 shares in our Company to Zhuhai Huarong, one of our employee incentive platforms, at a consideration of RMB6,592,000 reflecting the purchase price of the award shares.

On November 8, 2023, for the purpose of shareholding restructure of funds under the same controlling party, a share transfer agreement was entered into among Matrix Partners China VI Hong Kong Limited, Matrix Partners China Vl, L.P. ("**MPC VI L.P.**") and Matrix Partners China VI-A, L.P. ("**MPC VI-A L.P.**"), pursuant to which Matrix Partners China VI Hong Kong Limited transferred 15,474,447 shares in our Company to MPC VI L.P. at a consideration of US$30,313,664.48 and transferred 1,675,555 shares in our Company to MPC VI-A L.P. at a consideration of US$3,282,328.52 taking into account the initial consideration when Matrix Partners China VI Hong Kong Limited first invested in our Company. The consideration for both of the aforementioned transfers by Matrix Partners China VI Hong Kong Limited was settled on November 8, 2023. Matrix Partners China VI Hong Kong Limited was, on the date of the aforementioned share transfers and on the Latest Practicable Date, held as to 90.23% by MPC VI L.P. and 9.77% by MPC VI-A L.P.. The general partner of both MPC VI L.P. and MPC VI-A L.P. is MPC Management VI L.P., whose general partner is MPC GPGP VI Ltd., David Su, Ho Kee Harry Man, and Xiaoning Liu are directors of MPC GPGP VI Ltd. and are deemed to have shared investment voting power over the shares held by MPC VI L.P. and MPC VI-A L.P.

Upon completion of the above share transfers, the latest shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Equity interest
Baygen QT Inc.	40,505,885	11.57%
Shanghai Xinsheng	34,798,296	9.94%
SDIC VC	29,426,685	8.41%
Shanghai Haidai	24,475,926	6.99%
Zhuhai Jingrong	20,392,815	5.83%
Zhuhai Huajin	19,220,863	5.49%
Efung Ruihua	16,370,448	4.68%
Beijing Chongde	15,529,256	4.44%
MPC VI L.P.	15,474,447	4.42%
Zhuhai Huaxin	14,002,034	4.00%
Lapam VC	13,969,660	3.99%
Shenzhen Dachen	12,822,213	3.66%
Zhang Haiyan	11,118,115	3.18%
Betta Pharmaceuticals Co., Ltd.	11,118,045	3.18%
Zhongling VC	6,670,829	1.91%
Gaoke Xinjun	6,372,316	1.82%
Efung XIV	5,456,813	1.56%
Zhuhai Huarong	5,000,724	1.43%
Zhuhai Xingkong	4,023,535	1.15%
Tianjin Tianchuang	3,897,726	1.11%
Ningbo Jiusheng	3,897,716	1.11%
Tang Li	3,592,932	1.03%
Chengdu VC	3,122,434	0.89%
Ningbo Qirui	3,118,173	0.89%
Jiaxing Xingkong	2,682,990	0.77%
Qianhai Jiancheng	2,338,630	0.67%
Chengdu Bio-city	2,338,630	0.67%
Foshan Hongtao	2,079,392	0.59%
Foshan Zhiyao VC	2,026,814	0.58%
Sichuan Xintongde	1,911,698	0.55%
MPC VI-A L.P.	1,675,555	0.48%
Jianchuang Zhongmin	1,559,087	0.45%
Jinding Investment	1,559,087	0.45%
Xiamen Feiyu	1,559,087	0.45%
Chengdu Jingrong	1,274,465	0.36%
Langma 34	1,207,395	0.35%
Langma 32	804,927	0.23%
Jinjiang Guangzi	779,543	0.22%
Shenzhen Zhongju	670,767	0.19%
Langma 26	670,767	0.19%
Beijing Baygen	419,561	0.12%
Chengdu Chengchuang	63,719	0.02%
Total	**350,000,000**	**100.00%**

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, there were delays in filing for registration and reporting of changes in information of our Company as a foreign-invested enterprise. Our Company has taken the initiative to report the information of our existing shareholders to the competent authorities through the National Enterprise Credit Information Publicity System ("國家企業信用信息公示系統") for rectification. The aforesaid matters had no material adverse impact on the operation and financial performance of our Company. During the Reporting Period, our Company has not been ordered by any competent authority to make corrections or reporting, or been fined for

the aforesaid matters. Save for the aforesaid matters which had already been rectified and would not have any material or adverse effect on the Global Offering, all the increases in registered capital and the equity and share transfers in respect of our Company as described above had been properly and legally completed in accordance with the applicable PRC laws and regulations.

ACTING IN CONCERT

Dr. Tang Li and Dr. Qiu Rongguo entered into a joint-control agreement dated September 15, 2022 setting out certain voting arrangements between them. Dr. Tang Li and Dr. Qiu Rongguo entered into the joint-control agreement mainly for consolidating their control over the management of our Company and for the stability in our Company's governance structure by ensuring a consistent and coordinated approach to decision-making for the interests of our Company. For details, please refer to the paragraph headed "Relationship with our Single Largest Group of Shareholders — Our Single Largest Group of Shareholders" in this prospectus.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Zhuhai Huajin, Zhuhai Huaxin and Zhuhai Huarong were established in the PRC as our employee incentive platforms.

Zhuhai Huajin

Zhuhai Huajin was established in the PRC as a limited partnership on November 13, 2020. As of the Latest Practicable Date, (i) Dr. Tang Li was the sole general partner of Zhuhai Huajin and was responsible for the management of Zhuhai Huajin, and (ii) Zhuhai Huajin subscribed for approximately 5.49% shareholding of our Company. As of the Latest Practicable Date, the partners of Zhuahai Huajin as recorded in the government registration system are set out as follows:

Partners	Current position(s) in our Group	Partnership interest
Tang Li	Chairperson of the Board, executive Director, chief scientific officer and chief marketing officer	66.01%
Qiu Rongguo	Vice-chairperson, executive Director, and chief executive officer	4.25%
Nie Xiu Qing (聶秀清)[1]	N/A	4.25%
Tang Jin (唐進)	Non-executive Director, deputy administrative and human resources director	4.25%
Kong Rixiang (孔日祥)	R&D director and employee representative supervisor	4.25%
Hu Zhe (胡喆)	Production director	4.25%
Tang Changjun (唐昌俊)	Administrative director	4.25%
Wang Haibo (王海波)[2]	N/A	4.25%
Zhang Cheng (張成)	Executive Director and deputy general manager	4.25%

(1) Nie Xiuqing was a director and deputy general manager of our Company when he received the incentive interest. He was mainly responsible for the marketing and promotional activities and participated in R&D activities of the Group, and was awarded the incentive interest in Zhuhai Huajin for his contribution to the R&D activities of the Group and resigned from his positions due to personal arrangements in March 2022 and retained part of his partnership interest.

(2) As Wang Haibo had resigned from his positions in our Company, the terms of the relevant employee incentive scheme relating to the return of the incentive interest granted to him were triggered. As Wang Haibo was uncooperative in respect of the registration for the return of the incentive interest, Zhuhai Huajin instigated legal proceedings against Wang Haibo (the "**Proceedings**") requesting Wang Haibo to cooperate with such registration. The claims of Zhuhai Huajin have been dismissed by the court and Zhuhai Huajin has filed an appeal to the competent court for the second instance and the appeal has been accepted. As of the Latest Practicable Date, the competent court has not yet rendered a judgment and the Proceedings were still ongoing.

In the meantime, pursuant to the share incentive agreements entered into between the Company and Dr. Guan Jin dated April 1, 2022 and between the Company and Mr. Zhao Rui dated May 5, 2022, Guan Jin and Zhao Rui were granted incentive awards under the Zhuhai Huajin Incentive Plan. However, the formal registration with the relevant authority reflecting such grants have not been completed as Wang Haibo has been uncooperative with respect to such registration.

Should the judgment for the Proceedings be in favor of Zhuhai Huajin, the partnership interest of Zhuhai Huajin shall be registered with the relevant authority such that the partnership interest would be owned as to Tang Li, Qiu Rongguo, Tang Jin, Kong Rixiang, Hu Zhe, Tang Changjun, Zhang Cheng, Guan Jin and Nie Xiuqing as to 72.17%, 4.25%, 4.25%, 4.25%, 4.25%, 4.25%, 4.25%, 1.30% and 1.04%, respectively. For details, please refer to the section headed "Statutory and General Information — Employee incentive schemes" in Appendix VII to this prospectus.

The Directors believe that Wang Haibo's retention of partnership interest in Zhuhai Huajin would not have any material adverse effect on the shareholding structure nor the business operation of the Company.

PRC Legal Advisors' view concerning the on-going Proceedings with Wang Haibo

Our PRC Legal Advisors are of the view that, since (i) the dispute between Wang Haibo and Zhuhai Huajin is at the Shareholders' level, (ii) Mr. Wang Haibo's indirect interest in the Shares is relatively low, and (iii) Dr. Tang Li, a member of the Single Largest Group of Shareholders of the Company, servers as the executive partner of Zhuhai Huajin and has control over the voting rights of the Shares held by Zhuhai Huajin, the dispute would not constitute a material dispute regarding ownership of the Group.

Joint Sponsors' view

Based on our PRC Legal Advisors' view, our Directors' view and the Joint Sponsors' independent due diligence conducted, the Joint Sponsors are of the view that the uncertainties and disputes surrounding the terms of the Employee Incentive Schemes will not have any material adverse impact on our Company and the Listing.

Zhuhai Huaxin

Zhuhai Huaxin was established in the PRC as a limited partnership on January 5, 2021. As of the Latest Practicable Date, (i) Dr. Tang Li was the sole general partner of Zhuhai Huaxin and was responsible for the management of Zhuhai Huaxin, and (ii) Zhuhai Huaxin subscribed for approximately 4.00% of the registered capital of our Company. Zhuhai Huaxin is in the process of applying for the change in the registration information as a result of several partnership interest transfers. The following table sets out the partners of Zhuhai Huaxin after the completion of the change in the registration information:

Partners	Current position(s) in our Group	Partnership interest
Tang Li	Chairperson of the Board, executive Director, chief scientific officer and chief marketing officer	81.83%
Chen Xin (陳欣)	Operation director	2.85%
Wu Ke (吳可)	Marketing director	2.17%
Nie Xiuqing (聶秀清)	N/A[1]	2.14%
Guan Jin (關津)	Executive Director and deputy general manager	1.07%
Han Wenpeng (韓文朋)	N/A[2]	1.07%
Huang Yulin (黃玉林)	Regional commercial manager	0.99%
Guo Dawei (郭大偉)	Regional commercial manager	0.99%
Huang Jin (黃瑾)	Regional operation manager	0.93%
Xu Long (徐隆)	Regional commercial manager	0.91%
Zhang Qian (張芊)	Deputy marketing director	0.90%
Zhao Xin (趙鑫)	Regional operation manager	0.74%
Zhang Feng (張峰)	N/A[3]	0.71%
Meng Bin (孟斌)	Senior marketing manager	0.71%
Zheng Li (鄭力)	Regional operation manager	0.65%
Dai Wen (戴雯)	District operation manager	0.41%
Jiang Hao (蔣浩)	District marketing manager	0.25%
Liu Xiaofeng (劉曉峰)	District operation manager	0.24%
Li Xiangjun (李響君)	District operation manager	0.19%
Sun Qingliang (孫慶亮)	District operation manager	0.16%
Jiang Ye (蔣燁)	Senior Medical manager	0.08%

(1) Nie Xiuqing was a director and deputy general manager of our Company when he was awarded the employee incentive interest. He was mainly responsible for the marketing and promotional activities and participated in the R&D activities of the Group and later resigned from his positions in March 2022 due to personal arrangement and retained part of his partnership interest.

(2) Han Wenpeng was the commercial director of our Company when he was awarded the employee incentive interest. He was mainly responsible for the team management, client management and cross-departmental communication in the commercial department of the Group. He later resigned from his position in July 2024 due to personal development and retained part of his partnership interest.

(3) Zhang Feng was the eastern region sales director of our Company when he was awarded the employee incentive interest. The Group terminated its employment relationship with Zhang Feng in November 2021. Zhang Feng then commenced labor arbitration proceedings against Chengdu Biostar, among other things, to restore the employment relationship between Chengdu Biostar and himself. On the other hand, Zhuhai Huaxin commenced legal proceedings against Zhang Feng for, among other things, the transfer of his partnership interest in Zhuhai Huaxin to the executive partners of Zhuhai Huaxin after Zhang Feng's departure from the Group. The parties later reached settlement agreement in April 2022 and both proceedings had been withdrawn and resolved. Zhang Feng retained part of his partnership interest.

Zhuhai Huarong

Zhuhai Huarong was established in the PRC as a limited partnership on March 9, 2022. As of the Latest Practicable Date, (i) Dr. Tang Li was the sole general partner of Zhuhai Huarong and was responsible for the management of Zhuhai Huarong, and (ii) Zhuhai Huarong subscribed for approximately 1.43% of the registered capital of our Company. Its partners are set out as follows:

Partners	Current position(s) in our Group	Partnership interest
Tang Li	Chairperson of the Board, Executive Director, chief scientific officer and chief marketing officer	29.37%
Liu Kailin (劉開林)	Secretary of the Board and investment director	17.30%
Qiu Rongguo	Vice-chairperson, executive Director, and chief executive officer	16.33%
Zhang Weixiu (張維秀)	Quality director	5.80%
Gong Zheng (龔政)	Deputy general manager of clinical studies	4.20%
Zhang Chuan (張川)	Deputy R&D director	4.00%
Peng Fei (彭飛)	Financial director	4.00%
Dai Xuefen (戴雪芬)	Internal audit director and security director	3.00%
Zhou Quan (周荃)	Financial manager	2.20%
Huang Aoshuang (黃傲霜)	Human resource director	2.20%
Song Xiaoqi (宋瀟琦)	Deputy financial director	1.40%
Xie Chunbing (謝純斌)	Manager of quality assurance	1.10%
Su Yuxia (蘇玉霞)	Manager of quality control	1.10%
Wang Aimin (王愛民)	Head of fermentation in API facility	1.10%
Li Xu (李旭)	Manager of API facility	1.10%
Xiao Shicai (肖士材)	Manager of formulation facility	1.10%
Xu Qiang (徐強)	Manager of equipment power	1.00%
Liu Qing (劉慶)	Financial manager	1.00%
Liu Kexin (劉可欣)	Administrative director	1.00%
Sun Ying (孫營)	Assistant clinical project manager	0.50%
Li Shidong (李世東)	Head of quality assurance	0.20%
Yang Lisha (楊麗莎)	Head of quality control	0.20%
Yang Qian (楊茜)	Head of quality control	0.20%
Yang Mingwu (楊明武)	Head of equipment power	0.20%
Yang Yan (楊豔)	Deputy human resources manager	0.20%
He Wei (何偉)	Head of administration	0.20%

PRC Legal Advisors' View on the Employee Incentive Schemes

Our PRC Legal Advisors are of the view that the Company's equity incentive matters have been approved and adopted by the relevant decision-making body of the Company. The Employee Incentive Schemes are formulated in accordance with the applicable PRC Company Law and other relevant regulations. The relevant equity incentive agreements comply with the provisions of the PRC Civil Code and are legally valid and enforceable. The details and terms as stated in this prospectus, particularly those relating to the termination and repurchase of shares, which have been included in the Employee Incentive Schemes and the relevant equity incentive agreements, are accurate and legally enforceable.

MAJOR ACQUISITION, MERGER AND DISPOSAL

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, mergers or disposals that we consider to be material to us.

PRE-IPO INVESTMENTS

Summary of Pre-IPO Investments

The following table sets forth a summary of the details of the Pre-IPO Investments:

	The first round of capital increase in Series A Financing and governmental investment	The second round of capital increase in Series A Financing and governmental investment	Series B Financing	Series C Financing	Equity transfers in August 2018	Series D Financing	Equity transfer in March 2019	Equity transfer in October 2019	Capital increase in Series E Financing	Equity transfer in Series E Financing
Date of agreement(s)	November 8, 2013	July 11, 2014 July 28, 2014	May 31, 2015 June 16, 2015	December 26, 2016 May 2, 2017	April 15, 2018	September 28, 2018 November 9, 2018 December 11, 2018	December 15, 2018	April 28, 2019	November 19, 2020	November 19, 2020
Amount of registered capital and/or shares subscribed and/or transferred	RMB4,402,800	RMB1,927,000	RMB5,347,140	RMB2,615,630	RMB5,920,661	RMB2,548,556	RMB1,667,963	RMB2,447,237	RMB5,456,021	RMB1,559,759
Amount of consideration paid in connection with the equity subscription and transfers	RMB42,855,100	RMB27,144,900	RMB95,000,000	RMB100,000,000	RMB221,364,051	RMB200,000,000	RMB130,000,000	RMB169,178,000	RMB700,000,000	RMB196,999,820
Date of payment of full consideration	December 6, 2013	July 21, 2014	July 9, 2015	May 22, 2017	September 6, 2018	August 24, 2020	May 23, 2019	November 28, 2019	November 30, 2020	December 11, 2020
Approximate cost per RMB1.0 of the registered capital paid/per Share before conversion into a joint-stock company[1]	RMB9.73	RMB14.09	RMB17.77	RMB38.23	RMB37.39[3]	RMB78.48	RMB77.94	RMB69.13[4]	RMB128.30	RMB126.30[5]
Discount to the Offer Price[2]	97.7%	96.2%	93.5%	84.3%	84.6%	62.6%	62.8%	67.0%	25.7%	26.9%
Post-money valuation (approximate)[6] **of our Company**	RMB140,000,000	RMB230,000,000[7]	RMB395,000,000[8]	RMB950,000,000[9]	N/A	RMB2,263,000,000[10]	N/A	N/A	RMB4,490,000,000[11]	N/A
Basis of determination of the valuation and consideration	The valuation and considerations for each round of Pre-IPO Investments were determined based on arm's length negotiation amongst the respective Pre-IPO Investors and our Group (as the case may be) after taking into consideration of the status of our business operations and product development. Other factors were also taken into account in the determination of the consideration including but not limited to (i) the investment risk assumed by the relevant Pre-IPO Investors under the market conditions at the time of the relevant investments and (ii) the strategic benefits which would be brought by the Pre-IPO Investors to our Group as described below.									
Lock-up period	Under the applicable PRC laws, all existing Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Listing Date.									
Use of proceeds	We utilized the proceeds from our Pre-IPO Investors to support, among others, the R&D activities of our Group, including clinical promotion of our core product pipelines, R&D of pre-clinical product pipelines and the payment of our daily operation and management fees. As of May 31, 2024, the amount of proceeds from our Pre-IPO Investors that had not been utilized was approximately RMB505 million, accounting for approximately 43.7% of all the proceeds from our Pre-IPO Investors. The remaining proceeds will mainly be used to support the R&D activities and the business operations of our Group. As of the Latest Practicable Date, we had not fully utilized the proceeds from the Pre-IPO Investors. The remaining proceeds from the Pre-IPO Investors are expected to be used to support the R&D activities of our Group.									
Strategic benefits to our Company	At the time of the Pre-IPO Investments, the Directors were of the view that (i) the Company would benefit from the additional capital provided by the Pre-IPO Investors and their market influence, knowledge and experience and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.									

(1) The calculation was based on the amount of consideration paid in connection with the equity/share subscription and transfers by the amount of registered capital/share subscribed and/or transferred;

(2) The discount to the Offer Price is calculated based on the currency translation of RMB1.00 to HK$1.0990 and on the basis of the Offer Price of HK$19.00, the mid-point of the proposed range of the Offer Price.

(3) The equity transfers in August 2018 included transfers of equity interest in our Company at three different amounts of consideration. The calculation was based on the average sum of the consideration for the said transfers. For details, please refer to the paragraphs headed "Establishment and Major Shareholding Changes of our Company — Equity transfers in August 2018" in this section.

(4) The transfer price was slightly lower than the price of the previous equity transfer and capital increase because the price in this transfer was negotiated and determined by Shandong Zhuyu and Shanghai Haidai, while the registration of the transfer was completed in October 2019.

(5) After the capital increase in Series E Financing, some of the Series E investors acquired the registered capital of RMB1,559,759 at a total consideration of RMB196,999,820 through equity transfers with different prices after arm's length of negotiation. For details, please refer to the paragraph headed "Establishment and Major Shareholding Changes of our Company — Series E Financing and equity transfers in January 2021" in this section.

(6) Post-money valuation is calculated on the basis of (a) cost per Share; and (b) the total number of Shares our Company upon completion of the relevant round of the Pre-IPO investment. The corresponding valuation of our Company is calculated based on the proposed post-money capitalization of our Company at the time of the investments, and was determined based on, among other things, arm's length negotiations between the relevant parties primarily taking into consideration the status and continuous development of our business and the progress in the R&D of our pipelines.

(7) The valuation of our Company in the second round of capital increase in Series A Financing and governmental investment was based on the appraised value conducted by an independent third-party agency as of December 31, 2013.

(8) The increase in the valuation of our Company from the Series A Financing to the Series B Financing was primarily due to the significant progress made in the establishment of our Chengdu subsidiary in January 2015 and the development of our R&D capabilities.

(9) The increase in the valuation of our Company from the Series B Financing to the Series C Financing was primarily due to the significant progress of our Utidelone Injection phase III clinical trial in September 2016.

(10) The increase in the valuation of our Company from Series C Financing to the Series D Financing was primarily due to (i) the successful construction of our Chengdu manufacturing facility in October 2017, which marked the establishment of our microbial fermentation production and microbial preparation platform; (ii) obtain of the drug manufacturing license (藥品生產許可證) issued by the Sichuan Food and Drug Administration* (四川省食品藥品監督管理局) in December 2017; and (iii) the submission and priority review qualification obtained from NDA for Utidelone Injection in June 2018.

(11) The increase in the valuation of our Company from Series D Financing to the Series E Financing was primarily due to the financing prior to our proposed listing and also in contemplation of the launch of our product throughout 2019.

Reasons for Increase in Valuation of our Company

The increase in the valuation of the Company from Series E Financing to the Global Offering was primarily attributable to (i) the commercialization of our Utidelone Injection for treatment of metastasis breast cancer in China in March 2021; (ii) phase III clinical trial of Utidelone Injection for NSCLC and breast cancer neoadjuvant since March 2022; and (iii) Utidelone Capsule clinical trials since December 2022.

For the reasons for increases in our Company's valuation after each series of Pre-IPO financing, please refer to Notes 7 to 11 of the aforementioned table of summary of Pre-IPO Investments in this section.

Capitalization of Our Company

The following table is a summary of the capitalization of the Company:

	As at the Latest Practicable Date		Immediately Following the Completion of the Global Offering and Conversion of the Unlisted Shares into H Shares					
	Unlisted Shares[1]		H Shares[1]		Unlisted Shares[1]		Total Shares[1]	
Shareholder	Number of Shares	Percentage of Shareholding in the Unlisted Shares	Number of Shares	Percentage of Shareholding in the H Shares	Number of Shares	Percentage of Shareholding in the Unlisted Shares	Number of Shares	Percentage of Shareholding in the Total Shares
Single Largest Group of Shareholders								
Baygen QT Inc.	40,505,885	11.57%	20,252,943	9.35%	20,252,942	13.70%	40,505,885	11.11%
Zhuhai Jingrong	20,392,815	5.83%	8,157,126	3.76%	12,235,689	8.27%	20,392,815	5.59%
Zhuhai Huajin	19,220,863	5.49%	7,688,345	3.55%	11,532,518	7.80%	19,220,863	5.27%
Zhuhai Huaxin	14,002,034	4.00%	5,600,814	2.58%	8,401,220	5.68%	14,002,034	3.84%
Zhuhai Huarong	5,000,724	1.43%	2,000,290	0.92%	3,000,434	2.03%	5,000,724	1.37%
Tang Li	3,592,932	1.03%	1,437,173	0.66%	2,155,759	1.46%	3,592,932	0.99%
Beijing Baygen	419,561	0.12%	167,824	0.08%	251,737	0.17%	419,561	0.12%
Subtotal:	***103,134,814***	***29.47%***	***45,304,515***	***20.90%***	***57,830,299***	***39.11%***	***103,134,814***	***28.29%***
Pre-IPO Investors								
Shanghai Xinsheng	34,798,296	9.94%	28,000,000	12.92%	6,798,296	4.60%	34,798,296	9.54%
SDIC VC	29,426,685	8.41%	—	—	29,426,685	19.90%	29,426,685	8.07%
Shanghai Haidai	24,475,926	6.99%	12,237,963	5.65%	12,237,963	8.28%	24,475,926	6.71%
Efung Ruihua and Efung XIV								
Efung Ruihua	16,370,448	4.68%	16,370,448	7.55%	—	—	16,370,448	4.49%
Efung XIV	5,456,813	1.56%	5,456,813	2.52%	—	—	5,456,813	1.50%
Subtotal:	***21,827,261***	***6.24%***	***21,827,261***	***10.07%***	**—**	**—**	***21,827,261***	***5.99%***
MPC VI								
Matrix Partners China VI, L.P.	15,474,447	4.42%	15,474,447	7.14%	—	—	15,474,447	4.24%
Matrix Partners China VI-A, L.P.	1,675,555	0.48%	1,675,555	0.77%	—	—	1,675,555	0.46%
Subtotal:	***17,150,002***	***4.90%***	***17,150,002***	***7.91%***	**—**	**—**	***17,150,002***	***4.70%***
Beijing Chongde	15,529,256	4.44%	—	—	15,529,256	10.50%	15,529,256	4.26%
Lapam VC	13,969,660	3.99%	13,969,660	6.45%	—	—	13,969,660	3.83%
Shenzhen Dachen	12,822,213	3.66%	12,822,213	5.92%	—	—	12,822,213	3.52%
Zhang Haiyan	11,118,115	3.18%	11,118,115	5.13%	—	—	11,118,115	3.05%
Betta Pharmaceuticals Co., Ltd.	11,118,045	3.18%	—	—	11,118,045	7.52%	11,118,045	3.05%
Zhuhai Xingkong and Jiaxing Xingkong								
Zhuhai Xingkong	4,023,535	1.15%	4,023,535	1.86%	—	—	4,023,535	1.10%
Jiaxing Xingkong	2,682,990	0.77%	2,682,990	1.24%	—	—	2,682,990	0.74%
Subtotal:	***6,706,525***	***1.92%***	***6,706,525***	***3.09%***	**—**	**—**	***6,706,525***	***1.84%***
Zhongling VC	6,670,829	1.91%	3,335,414	1.54%	3,335,415	2.26%	6,670,829	1.83%
Gaoke Xinjun	6,372,316	1.82%	3,186,158	1.47%	3,186,158	2.15%	6,372,316	1.75%

	As at the Latest Practicable Date		Immediately Following the Completion of the Global Offering and Conversion of the Unlisted Shares into H Shares					
	Unlisted Shares[1]		H Shares[1]		Unlisted Shares[1]		Total Shares[1]	
Shareholder	Number of Shares	Percentage of Shareholding in the Unlisted Shares	Number of Shares	Percentage of Shareholding in the H Shares	Number of Shares	Percentage of Shareholding in the Unlisted Shares	Number of Shares	Percentage of Shareholding in the Total Shares
Shenzhen Qianhai Investment, Jianchuang Zhongmin and Jinding Investment								
Qianhai Jiancheng	2,338,630	0.67%	2,338,630	1.08%	—	—	2,338,630	0.64%
Jianchuang Zhongmin	1,559,087	0.45%	1,559,087	0.72%	—	—	1,559,087	0.43%
Jinding Investment	1,559,087	0.45%	1,559,087	0.72%	—	—	1,559,087	0.43%
Subtotal:	***5,456,804***	***1.57%***	***5,456,804***	***2.52%***	**—**	**—**	***5,456,804***	***1.50%***
Chengdu VC, Chengdu Jingrong and Chengdu Chengchuang								
Chengdu VC	3,122,434	0.89%	—	—	3,122,434	2.11%	3,122,434	0.86%
Chengdu Jingrong	1,274,465	0.36%	—	—	1,274,465	0.86%	1,274,465	0.35%
Chengdu Chengchuang	63,719	0.02%	—	—	63,719	0.04%	63,719	0.02%
Subtotal:	***4,460,618***	***1.27%***	**—**	**—**	***4,460,618***	***3.02%***	***4,460,618***	***1.22%***
Tianjin Tianchuang	3,897,726	1.11%	1,948,863	0.90%	1,948,863	1.32%	3,897,726	1.07%
Ningbo Jiusheng	3,897,716	1.11%	3,897,716	1.80%	—	—	3,897,716	1.07%
Ningbo Qirui	3,118,173	0.89%	3,118,173	1.44%	—	—	3,118,173	0.86%
Langma 34, Langma 32 and Langma 26								
Langma 34	1,207,395	0.34%	1,207,395	0.56%	—	—	1,207,395	0.33%
Langma 32	804,927	0.23%	804,927	0.37%	—	—	804,927	0.22%
Langma 26	670,767	0.19%	670,767	0.31%	—	—	670,767	0.18%
Subtotal:	***2,683,089***	***0.76%***	***2,683,089***	***1.24%***	**—**	**—**	***2,683,089***	***0.74%***
Chengdu Bio-city	2,338,630	0.67%	2,338,630	1.08%	—	—	2,338,630	0.64%
Foshan Hongtao	2,079,392	0.59%	1,039,696	0.48%	1,039,696	0.70%	2,079,392	0.57%
Foshan Zhiyao VC	2,026,814	0.58%	2,026,814	0.94%	—	—	2,026,814	0.56%
Sichuan Xintongde	1,911,698	0.55%	955,849	0.44%	955,849	0.65%	1,911,698	0.52%
Xiamen Feiyu	1,559,087	0.45%	1,559,087	0.72%	—	—	1,559,087	0.43%
Jinjiang Guangzi	779,543	0.22%	779,543	0.36%	—	—	779,543	0.21%
Shenzhen Zhongju	670,767	0.19%	670,767	0.31%	—	—	670,767	0.18%
H Shareholders under the Global Offering.	—	—	14,588,000	6.73%	—	—	14,588,000	4.00%
Total	**350,000,000**	**100.00%**	**216,720,857**	**100.00%**	**147,867,143**	**100.00%**	**364,588,000**	**100%**

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. Except for the Shares held by the Single Largest Group of Shareholders and the Unlisted Shares, other shares listed above shall be counted towards public float.

Rights of the Pre-IPO Investors

No special rights of the Pre-IPO Investors existed as of the Latest Practicable Date nor will any special rights of the Pre-IPO Investors exist after the Listing.

Information about our Pre-IPO Investors

Our Pre-IPO Investors include Sophisticated Investors, such as MPC VI and Lapam VC, each of whom has made meaningful investment in our Company at least six months before the Listing Date for the purpose of Chapter 2.3 of the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024. The background information on our Pre-IPO Investors are set out below.

1. ***Shanghai Xinsheng***

Shanghai Xinsheng is a limited partnership established in the PRC on July 20, 2018 and its general partner is Cui Libin (崔立濱). As of the Latest Practicable Date, Shanghai Xinsheng had one limited partner, Cui Peng (崔鵬), who held 55% of its partnership interest and Cui Libin held 45% of the partnership interest. Shanghai Xinsheng is mainly engaged in business management, information consulting services and technology promotion. As of the Latest Practicable Date, as confirmed by Shanghai Xinsheng, each of Cui Kun and Cui Peng is an ultimate beneficial owner of Shanghai Xinsheng. Cui Kun has engaged in finance and biomedical equity investments for more than five years. Cui Peng has focused on biomedical equity investments for more than five years.

To the best knowledge of the Directors, save as disclosed above, each of Shanghai Xinsheng, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

2. ***SDIC VC***

SDIC VC is a limited partnership established in the PRC on March 4, 2016 and its general partner is SDIC (Shanghai) Venture Capital Management Co., Ltd* (國投(上海)創業投資管理有限公司), a company engages in venture capital management and investment, and was owned as to 41.29% by the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會) as of the Latest Practicable Date. As of the Latest Practicable Date, SDIC VC was ultimately owned as to approximately 41.08% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and none of the other ultimate beneficial owners owned more than 30% benefits in SDIC VC. SDIC VC had nine limited partners and State Development & Investment Corp., Ltd. (國家開發投資集團有限公司) being its largest limited partner, held approximately 26.85% of its partnership interest. As of the Latest Practicable Date, as confirmed by SDIC VC, the amount of capital contribution of SDIC VC was RMB10 billion.

To the best knowledge of the Directors, save as disclosed above, each of SDIC VC, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

3. *Shanghai Haidai*

Shanghai Haidai is a limited partnership established in the PRC on February 28, 2019 and its general partner is Sun Genan (孫格南), who held 90% of the partnership interest. As of the Latest Practicable Date, Shanghai Haidai had only one limited partner, Sun Baihe (孫百合), who held 10% of its partnership interest. Shanghai Haidai is mainly engaged in business management and information consulting. As of the Latest Practicable Date, as confirmed by Shanghai Haidai, each of Sun Genan and Sun Baihe is an ultimate beneficial owner of Shanghai Haidai. Sun Genan has engaged in biotechnology equity investments for more than two years. Sun Baihe has engaged in biotechnology equity investments for more than five years and in commodities trading for more than ten years.

To the best knowledge of the Directors, save as disclosed above, each of Shanghai Haidai, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

4. *Efung Investment*

Two funds managed by Shenzhen Efung Investment Management Limited Partnership Enterprise* (深圳市倚鋒投資管理企業(有限合夥)) ("**Efung Investment**") made Pre-IPO Investments in our Company. Efung Investment is one of the earliest biomedical investment institutions in the PRC and has managed assets in the total amount of more than RMB5 billion. The general managing partner of Efung Investment is Shenzhen Efung Entrepreneurship Investment Co., Ltd.* (深圳市倚鋒創業投資有限公司). As of the Latest Practicable Date, both Efung Ruihua and Efung XIV are ultimately controlled by Zhu Jinqiao (朱晉橋), and the ultimate beneficial owners of both Efung Investment and Shenzhen Efung Entrepreneurship Investment Co., Ltd. are Zhu Jinqiao, Zhu Pai (朱湃) and Zhu Chen (朱晨) who ultimately held 58.78%, 22.11% and 19.11% in Efung Investment, respectively. Zhu Jinqiao has been engaging in equity investment since 1996, mainly investing in pharmaceutical and healthcare fields. Zhu Chen has engaged in financing management and equity investment for more than eight years. For biographical information of Zhu Pai, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus. Details of the two funds are set out as below:

Efung Ruihua is a limited partnership established in the PRC on July 14, 2020 and its general partner is Efung Investment. As of the Latest Practicable Date, Efung Ruihua had 21 limited partners and none of which held more than 10% of its partnership interest.

Efung XIV is a limited partnership established in the PRC on July 14, 2020 and its general partner is Efung Investment. As of the Latest Practicable Date, Efung XIV had 33 limited partners and none of which held more than 10% of its partnership interest.

Efung Ruihua and Efung XIV both focus on developing venture capital businesses specializing in healthcare industry investment. As of May 31, 2024, as confirmed by Efung Ruihua and to our Directors' understanding, it has no relevant investment track record in the biotech or healthcare industries. As of May 31, 2024, as confirmed by Efung XIV, it had invested in pharmaceutical companies including Jiangsu Shengsi Bio-Pharmaceutical Co., Ltd* (江蘇晟斯生物製藥有限公司) in February 2021 and Shenzhen Tuwei Anchuang Technology Development Co., Ltd.* (深圳市圖微安創科技開發有限公司) in November 2020. As of May 31, 2024, as confirmed by Efung Ruihua and Efung XIV, the total assets managed by Efung Ruihua and Efung XIV were approximately RMB219 million and RMB130 million respectively.

Our non-executive Director Mr. Zhu Pai is one of the ultimate beneficial owners of Efung Investment, indirectly holding approximately 22.11% partnership interest in Efung Investment through Shenzhen Efung Entrepreneurship Investment Co., Ltd.* (深圳市倚鋒創業投資有限公司), Shenzhen Efung Holdings Group. Co., Ltd.* (深圳市倚鋒控股集團有限公司) and Shenzhen Glass Venture Capital Center Partnership (Limited Partnership)* (深圳市格拉斯創業投資中心合夥企業(有限合伙)), each a partner of Efung Investment. Zhu Jinqiao is the father of Mr. Zhu Pai.

To the best knowledge of the Directors, save as disclosed above, each of Efung Ruihua, Efung XIV and Efung Investment, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

5. *Beijing Chongde*

Beijing Chongde is a limited partnership established in the PRC on October 8, 2013 and its general partner is Biossom Investment Management Co., Ltd.* (崇德弘信(北京)投資管理有限公司), a company mainly engaged in investment management and consulting. As of the Latest Practicable Date, Biossom Investment Management Co., Ltd. was owned as to 12% by Su Yan (蘇嚴) and 40% by Beijing Medical and Health Technology Development Center* (北京醫藥健康科技發展中心), a directly affiliated public institution approved by the Beijing Municipal Science and Technology Commission (北京市科學技術委員會) and the Administrative Commission of Zhongguancun Science Park (中關村科技園區管理委員會), and mainly engages in undertaking research on technological innovation layout, project management, and innovation main services in the fields of life sciences, medicine and health, medical and health, and food safety. None of any other shareholders of Biossom Investment Management Co., Ltd. holds more than 10% shareholdings in it.

As of the Latest Practicable Date, Beijing Chongde had 10 limited partners and none of which held more than 30% of its partnership interest. As of the Latest Practicable Date, Beijing Chongde is ultimately owned as to approximately 17.11% by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing* (北京市人民政府國有資產監督管理委員會), approximately 13.37% by Zhong Xiaosong (鍾曉松), who has extensive experience in equity investment, and approximately 11.52% by Beijing SL Pharmaceutical Co., Ltd.* (北京雙鷺藥業股份有限公司), a company listed on the main board of Shenzhen Stock Exchange (stock code: 002038). No other ultimate beneficial owners of Beijing Chongde owned more than 10%

benefits in it. Beijing Chongde is a professional biomedical venture capital fund mainly invest in areas of biomedicine, vitro diagnostic instruments and reagents as well as medical devices. As of the Latest Practicable Date, as confirmed by Beijing Chongde, the total assets managed by Beijing Chongde was approximately RMB260 million. As of May 31, 2024 and to our Directors' understanding, as confirmed by Beijing Chongde, it had invested in biotech and pharmaceutical companies including Annoroad Genetic Technology (Beijing) Co., Ltd.* (安諾優達基因科技(北京)有限公司) in January 2014, Beijing Maidihai Industry Co., Ltd.* (北京麥迪海實業有限公司) in August 2016 and Shanghai Xinzhong Pharmaceutical Technology Co., Ltd.* (上海信忠醫藥科技有限公司) in March 2017. As of December 12, 2023, as confirmed by Beijing Chongde, the total assets managed by Beijing Chongde was approximately RMB263 million.

Our supervisor Mr. Zhang Shufeng is one of the ultimate beneficial owners of Beijing Chongde, indirectly holding approximately 0.09% interest in Beijing Chongde.

To the best knowledge of the Directors, save as disclosed above, each of Beijing Chongde, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

6. *MPC VI*

Each of MPC VI L.P. and MPC VI-A L.P. (collectively referred to as the "**MPC VI**") is an exempted limited partnership established in the Cayman Islands on April 8, 2020 and also a Sophisticated Investor of our Company, with a primary purpose of making investments in the PRC, focusing on companies in the advanced technology, mobile internet, healthcare and consumer and other sectors. The general partner of both MPC VI L.P. and MPC VI-A L.P. is MPC Management VI L.P., whose general partner is MPC GPGP VI Ltd., and David Su is the controlling shareholder of MPC GPGP VI Ltd.

As of July 15, 2024, as confirmed by MPC VI, David Su was the ultimate beneficial owner of MPC VI, while MPC VI L.P. had 55 limited partners and MPC VI-A L.P. had 69 limited partners, and none of such limited partners held 30% or more interests in either MPC VI L.P. or MPC VI-A L.P.

As of March 1, 2024, as confirmed by MPC VI, the total assets managed by MPC VI L.P. was more than US$1,000 million and the total assets managed by MPC VI-A L.P. was more than HK$1 billion. MPC VI had also invested in biotech and pharmaceutical companies including Genor Biopharma Holdings Limited (嘉和生物藥業(開曼)控股有限公司), a biopharmaceutical company listed on the Main Board of the Stock Exchange (stock code: 6998) in the amount of approximately US$20 million as of October 7, 2020, Suzhou Advaccine Biotechnology Co., Ltd.* (蘇州艾棣維欣生物技術股份公司) in the amount of approximately RMB200 million as of March 11, 2021, and Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司), a biotechnology company listed on the Main Board of the Stock Exchange (stock code: 02509) in the amount of approximately RMB150 million as of October 14, 2022. MPC Management VI L.P., the general partner of MPC VI, is a vehicle which is not a fund and has no actual operation. MPC VI L.P. and MPC VI-A L.P. are each investment funds operated by MPC (a venture capital organization that focuses on

investment in businesses in their early stages in China), the other investment funds operated by MPC have made investments in Peijia Medical Limited (沛嘉醫療有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 09996), and ClouDr Group Limited (智雲健康科技集團*), another company listed on the Main Board of the Stock Exchange (stock code: 09955).

To the best knowledge of the Directors, save as disclosed above, each of MPC VI L.P. and MPC VI-A L.P., each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

7. ***Lapam VC***

Lapam VC is a limited partnership established in the PRC on December 15, 2010 and its general partner is Beijing Lapam Capital Management Consulting Center (General Partnership)* (北京龍磐投資管理諮詢中心(普通合夥)) ("**Lapam Capital**"). Lapam Capital focuses on investment in enterprises in the area of innovative drugs and medical devices. The general partner of Lapam Capital is Yu Zhihua (余治華), who is also the ultimate beneficial owner of Lapam Capital. Yu Zhihua is the founding partner of Lapam Capital and has expertised in economics and finance for more than thirty years. As of April 20, 2024, Yu Zhihua was a director of Betta Pharmaceuticals Co., Ltd., which is also a Pre-IPO investor of our Company.

In January 2024, Lapam VC had 5 limited partners, including Tibet Huan Yuan Venture Capital Centre (Limited Partnership)* (西藏桓遠創業投資中心(有限合夥)) ("**Tibet Huan Yuan**"), being the largest limited partner of Lapam VC, which held approximately 62.21% of partnership interest in Lapam VC. The general partner of Tibet Huan Yuan was Lapam Capital, and its ultimate beneficial owner was Yu Zhihua. The largest limited partner of Tibet Huan Yuan was Lhasa Economic Development Zone Qingyun Baiqing Enterprise Management Partnership Enterprise (Limited Partnership)* (拉薩經開區青雲百慶企業管理合伙企業（有限合伙）) ("**Lhasa Qingyun Baiqing**"), holding approximately 61.75% of the partnership interest in Tibet Huan Yuan. Lhasa Qingyun Baiqing was held by Shen Baiqing (沈百慶), Xu Yi (徐益) and Yuan Jiangao (袁建高) as to approximately 36.59%, 19.51% and 7.32% of beneficial interests in Lhasa Qingyun Baiqing, respectively. Xu Yi and Yuan Jiangao are the general partners of Lhasa Qingyun Baiqing. No other limited partners held more than 10% of the partnership interests in Tibet Huan Yuan. Other limited partners of Lapam VC included (i) Changzhou Investment Group Co., Ltd.* (常州投資集團有限公司) which held approximately 17.06% of partnership interest in Lapam VC with its ultimate beneficial owner being the People's Government of Changzhou City (常州市人民政府); (ii) Beijing Zhongguancun Venture Capital Development Co., Ltd. (北京中關村創業投資發展有限公司), which held approximately 13.98% of partnership interest in Lapam VC with its ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing* (北京市人民政府國有資產監督管理委員會); (iii) Wuhan Zhongxin Logistics Co.,Ltd.* (武漢眾鑫物流有限公司), which held approximately 2.33% of partnership interest in Lapam VC with its ultimate beneficial owner being Jiang Jialong (姜駕龍) and Xia Juan (夏娟); and (iv) Beijing Shenghuijiaxin Investment Fund Management Co., Ltd.* (北京升輝嘉信投資基金管理有限公司), which held approximately 2.33% of partnership interest in Lapam VC with its ultimate beneficial owner being Li Dongsheng (李東升).

As of May 31, 2024 and to our Directors' understanding, as confirmed by Lapam VC, the total assets managed by Lapam VC was approximately RMB7.3 billion with approximately 70% of its assets under management being investment in the biopharmaceutical industry. It had invested in biotech and pharmaceutical companies including Beijing Continent Pharmaceutical Co., Ltd.* (北京康蒂尼藥業股份有限公司) in December 2013, Beijing Shennogen Pharmaceutical Technology Co. Ltd.* (北京盛諾基醫藥科技股份有限公司) in February 2014, Waterstone Biomedical Technology (Wuhan) Co., Ltd* (中美華世通生物醫藥科技(武漢)股份有限公司), a biotechnology company listed on the National Equities Exchange and Quotations ("**NEEQ**") (NEEQ code: 873938), in November 2012 and Nanjing Shenghe Pharmaceutical Co., Ltd.* (南京聖和藥業股份有限公司) in December 2013. Lapam Capital also invested in other companies in the biomedicine sector directly or through its managed funds, which includes Betla Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300558), RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司), a company listed on both the Main Board of the Stock Exchange (stock code: 9995) and the Shanghai Stock Exchange (stock code: 688331), Beijing Kawin Technology Share-Holding Co., Ltd. (北京凱因科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688687), and Jiangsu Yahong Meditech Co., Ltd. (江蘇亞虹醫藥科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688176).

To the best knowledge of the Directors, save as disclosed above, each of Lapam VC, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

8. ***Shenzhen Dachen***

Shenzhen Dachen is a limited partnership established in the PRC on March 20, 2013 and its general partner is Shenzhen Fortune Caizhi Venture Capital Management Co., Ltd.* (深圳市達晨財智創業投資管理有限公司) ("**Fortune Caizhi**"). Both Shenzhen Dachen and Fortune Caizhi engage in venture capital management and mainly invest in technology sectors including healthcare, new energy, and new materials, etc. Fortune Caizhi is ultimately owned as to 55% by Hunan TV&Broadcast Intermediary Co.,Ltd. (湖南電廣傳媒股份有限公司), a listed company on the Shenzhen Stock Exchange (stock code: 000917) and the main business of which includes culture and tourism, investment, games, advertising and network, and no other ultimate beneficial owners of Fortune Caizhi owned more than 30% benefits in it. As of the Latest Practicable Date, Shenzhen Dachen had 26 limited partners, and Shanghai Gefei Weizhong Holding Investment Center (Limited Partnership)* (上海歌斐惟忠股權投資中心(有限合夥)), being its largest limited partner, held approximately 23.84% of its partnership interest, none of the ultimate beneficial owners of Shenzhen Dachen owned more than 10% benefits in it. As of the Latest Practicable Date, as confirmed by Shenzhen Dachen, the total assets managed by Shenzhen Dachen was more than RMB2 billion.

To the best knowledge of the Directors, save as disclosed above, each of Shenzhen Dachen, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

9. ***Ms. Zhang Haiyan***

Ms. Zhang Haiyan (張海燕) is an individual investor. Ms. Zhang Haiyan has engaged in computer science industry with more than ten years of investment experience mainly in high-tech and pharmaceutical fields. To the best knowledge of the Directors, Ms. Zhang Haiyan is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

10. ***Betta Pharmaceuticals Co., Ltd.***

Betta Pharmaceuticals Co., Ltd. is a limited liability company incorporated under the laws of the PRC on January 7, 2003, of which none of the shareholders held more than 30% share interest in it as of the Latest Practicable Date. Betta Pharmaceuticals Co., Ltd. is listed on the Shenzhen Stock Exchange (stock code: 300558). Betta Pharmaceuticals Co., Ltd. has approximately 20 years of investment experience and has invested in a number of innovative drug R&D and manufacturing companies taking into account their R&D pipeline, strategic positioning and the development prospect of the innovative drug industry. As of January 4, 2024, as confirmed by Betta Pharmaceuticals Co., Ltd., it had invested in biotech and pharmaceutical companies including Fucheng Bio-Pharmaceutical (Zhejiang) Co., Ltd.* (賦成生物製藥(浙江)有限公司) in December 2021, Capio Biosciences, Inc. in August 2016, Wuhan Hoyuan Biotechnology Co., Ltd.* (武漢禾元生物科技股份有限公司) in March 2022 and Hanx Biopharmaceuticals (Wuhan) Inc.* (翰思艾泰生物醫藥科技(武漢)有限公司) in April 2023. As of April 20, 2024, Yu Zhihua, an ultimate beneficial owner of Lapam VC, was a director of Betta Pharmaceuticals Co., Ltd.

To the best knowledge of the Directors, save as disclosed above, each of Betta Pharmaceuticals Co., Ltd., and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

11. ***Zhongling VC***

Zhongling VC is a limited partnership established in the PRC on April 14, 2015 and its general partner is Yanyuan Tongde (Beijing) Investment Fund Management Co., Ltd.* (燕園同德(北京)投資基金管理有限公司) ("**Yanyuan Tongde**"), a company that mainly engages in investments in pharmaceutical and healthcare industry. As of the Latest Practicable Date, Zhongling VC is ultimately owned as to 32% by Wu Yiling (吳以嶺), who has practiced and specialised in cardiovascular disease study for more than 40 years, and no other ultimate beneficial owners of Zhongling VC owned more than 30% benefits in it. As of the Latest Practicable Date, Yanyuan Tongde is owned as to 40% by Sun Fei (孫飛) and 40% by Han Hongling (韓紅玲). Sun Fei has engaged in, among other things, equity investment focusing on pharmaceutical, chip and semiconductor fields. Han Hongling has practiced in the healthcare field for more than 25 years. As of the Latest Practicable Date, Zhongling VC had five limited partners, and Hebei Yiling Pharmaceutical Group Co., Ltd.* (以嶺醫藥科技有限公司) ("**Yiling Pharm**"), being its largest limited partner, held 32% of its partnership interest. Yiling Pharm is mainly engaged in traditional

Chinese medicine clinical research, technical consultation, investment, management and operation of industrial projects. As of the Latest Practicable Date, Yiling Pharm is wholly owned by Wu Yiling.

To the best knowledge of the Directors, save as disclosed above, each of Zhongling VC, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

12. ***Gaoke Xinjun***

Gaoke Xinjun is a limited partnership established in the PRC on November 11, 2015 and its general partner is Nanjing Gaoke Xinjun Equity Investment Partnership (Limited Partnership)* (南京高科新浚股權投資合夥企業(有限合夥)) ("**Nanjing Gaoke**"). As of the Latest Practicable Date, Gaoke Xinjun is ultimately owned as to 69.65% by Nanjing Gaoke Company Limited (南京高科股份有限公司), and no other ultimate beneficial owners of Gaoke Xinjun owned more than 30% benefits in it. Nanjing Gaoke mainly engages in equity investment and venture capital. As of the Latest Practicable Date, Nanjing Gaoke is owned as to approximately 34.83% by Nanjing Gaoke Company Limited and 30.05% by Qin Yangwen (秦揚文). Qin Yangwen currently serves as the general manager of Nanjing Gaoke and is experienced in equity investment. As of the Latest Practicable Date, Gaoke Xinjun had two limited partners, Nanjing Gaoke Company Limited and Zhejiang Jiali Holding Co., Ltd.* (浙江嘉立控股股份有限公司), holding 69.65% and 29.85% of its partnership interest, respectively. Nanjing Gaoke Company Limited is a company listed on the Shanghai Stock Exchange (stock code: 600064) and mainly engages in real estate, municipal and equity investment business. As of the Latest Practicable Date, Nanjing Gaoke Company Limited was ultimately owned as to 31.45% by the State-owned Assets Supervision and Administration Commission of the People's Government of Nanjing* (南京市人民政府國有資產監督管理委員會), while there were no other shareholders holding more than 30% of beneficial interests in it. As of May 31, 2024 and to our Directors' understanding, as confirmed by Gaoke Xinjun, the total assets managed by Gaoke Xinjun was approximately RMB3,000 million.

To the best knowledge of the Directors, save as disclosed above, each of Gaoke Xinjun, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

13. ***Xingkong Investment***

Two funds respectively managed by Chengdu Guangyao Xingkong Equity Investment Management Co., Ltd.* (成都光耀星空股權投資管理有限公司) ("**Xingkong Investment**") and a wholly subsidiary of Xingkong Investment made Pre-IPO Investments in our Company. Xingkong Investment mainly engages in investment management and consulting. As of the Latest Practicable Date, Xingkong Investment was ultimately owned as to 53.55% by Mao Xiaoqin (毛曉琴), who has engaged in equity investment mainly in medicine and health industry for more than ten years. Details of the two funds are set out as below:

Jiaxing Xingkong is a limited partnership established in the PRC on January 24, 2019 and its general partner is Xingkong Investment. As of the Latest Practicable Date, Jiaxing Xingkong had six limited partners, of which Yang Bo (楊波) held approximately 43.29% of its partnership interest and AVIC Trust Co., Ltd.* (中航信託股份有限公司) held approximately 21.65% of its partnership interest. Yang Bo has engaged in equity investments mainly in the technology field for more than ten years. AVIC Trust Co., Ltd. is a company mainly engaged in trust management. As of the Latest Practicable Date, no other limited partners or ultimate beneficial owners of Jiaxing Xingkong owned more than 30% benefits in Jiaxing Xingkong.

Zhuhai Xingkong is a limited partnership established in the PRC on March 28, 2017 and its general partner is Jiaxing Xingkong Capital Investment Management Co. Ltd.* (嘉興星空投資管理有限公司), which mainly engages in investments in the pharmaceutical and healthcare industry and is a wholly-owned subsidiary of Xingkong Investment. As of the Latest Practicable Date, Jiaxing Xingkong Capital Investment Management Co. Ltd. was ultimately owned as to 53.55% by Mao Xiaoqin, and no other ultimate beneficial owners owned more than 30% benefits in it. As of the Latest Practicable Date, Zhuhai Xingkong had one limited partner, Mr. Luo Jianhua (羅建華), who held approximately 99.48% of its partnership interest. Luo Jianhua has engaged in equity investment in the medicine and technology industry for more than ten years.

The two funds are specialized in early and mid-stage investments in the pharmaceutical, healthcare and life sciences sectors, including innovative drugs, innovative medical devices, biotechnology, and healthcare services. As of the Latest Practicable Date, as confirmed by the two funds, the total assets managed by Jiaxing Xingkong and Zhuhai Xingkong were approximately RMB23 million and RMB19 million, respectively.

To the best knowledge of the Directors, save as disclosed above, each of Jiaxing Xingkong, Zhuhai Xingkong and Xingkong Investment, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

14. ***Tianjin Tianchuang***

Tianjin Tianchuang is a limited partnership established in the PRC on September 2, 2020 and its general partner is Qingdao Tianchuang Juxin Venture Capital Management Co., Ltd.* (青島天創聚鑫創業投資管理有限公司) ("**Qingdao Tianchuang**"). As of the Latest Practicable Date, Tianjin Tianchuang was ultimately owned as to approximately 17.74% by Cheng Donghai (程東海), 12.91% by Zhang Jianzhi (張建芝), 10.09 % by Wang Jinyu (王金玉) and 10.09% by Xie Saihu (謝賽虎), and no other ultimate beneficial owners of Tianjin Tianchuang owned more than 10% benefits in it. Cheng Donghai has extensive experience in the real estate industry. Zhang Jianzhi has engaged in municipal construction for more than 20 years and has engaged in equity investment since 2020, mainly investing in areas such as healthcare, information technology, advanced manufacturing. Wang Jinyu has extensive experience in equity investment, mainly investing in areas relating to, *inter alia*,pharmaceutical, advanced manufacturing and new materials. Xie Saihu has engaged in equity investment for more than ten years, mainly investing in pharmaceutical, AI, new materials, etc. Qingdao Tianchuang mainly engages in investment management and advisory. As of the Latest Practicable Date, Qingdao Tianchuang is ultimately owned as to 43.5% by Li Li (李莉). Li Li has engaged in finance and corporate management. As of the Latest Practicable Date, Tianjin Tianchuang had 10 limited partners and none of which held more than 30% of its partnership interest.

To the best knowledge of the Directors, save as disclosed above, each of Tianjin Tianchuang, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

15. ***Ningbo Jiusheng***

Ningbo Jiusheng is a limited partnership established in the PRC on August 11, 2016 and its general partner were Beijing Dingxin Asset Management Co., Ltd. (北京鼎欣資產管理有限公司) ("**Beijing Dingxin**") and Founder H Fund Co., Ltd.* (方正和生投資有限責任公司) **("Founder H**"), and held approximately 0.50% and 50.00% of its partnership interest, respectively. Founder H mainly engages in private equity fund management and it was wholly-owned by Founder Securities Co., Ltd. (方正證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601901), the major business of which involves, among other things, securities brokerage, investment banking, securities proprietary and asset management. As of the Latest Practicable Date, Ningbo Jiusheng was ultimately owned as to 50% by Founder Securities Co., Ltd., and no other ultimate beneficial owners of Ningbo Jiusheng owned more than 30% benefits in it. Beijing Dingxin mainly engages in asset management, investment management and equity investment management. As of the Latest Practicable Date, Beijing Dingxin was ultimately owned as to 38.86% by Zhao Yanguang (趙艷光) and 30.16% by Hou Liqiu (侯麗秋). Zhao Yanguang has made investment in the pharmaceutical industry. Hou Liqiu has engaged in equity investment for more than ten years. Ningbo Jiusheng primarily invests in health care and technology industries. As of the Latest Practicable Date, Ningbo Jiusheng has only one limited partner, Beijing Ruifeng Investment Management Co.,Ltd.* (北京瑞豐投資管理有限公司), a company engages in equity and

securities investment and was ultimately owned as to 38.86% by Zhao Yanguang (趙艷光) and 30.16% by Hou Liqiu (侯麗秋). As of May 31, 2024, the total assets managed by Ningbo Jiusheng was approximately RMB127 million.

To the best knowledge of the Directors, save as disclosed above, each of Ningbo Jiusheng, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

16. ***Chengdu VC, Chengdu Jingrong and Chengdu Chengchuang***

Chengdu VC is a limited liability company incorporated under the laws of the PRC on June 8, 2001, of which Chengdu Science and Technology Innovation Investment Group Co., Ltd.* (成都科技創新投資集團有限公司) ("**Chengdu Innovation**") held approximately 55.83% and Sichuan State-owned Assets Operation And Investment Administrator Co., Ltd.* (四川省國有資產經營投資管理有限責任公司) ("**Sichuan Assets Operation**") held approximately 36.79% share interest in it as of the Latest Practicable Date. Chengdu Innovation mainly engages in venture capital investment and asset management. As of the Latest Practicable Date, Chengdu Innovation was owned as to 57.84% by the State-owned Assets Supervision and Administration Commission of Chengdu City* (成都市國有資產監督管理委員會). Sichuan Assets Operation mainly engages in investment and capital operation. As of the Latest Practicable Date, Sichuan Assets Operation was owned as to 90.66% by the State-owned Assets Supervision and Administration Commission of Chengdu City* (成都市國有資產監督管理委員會).

Chengdu Jingrong is a limited liability company incorporated under the laws of the PRC on May 23, 2016, of which Chengdu Pidu District Jinghui Venture Capital Co., Ltd* (成都市郫都區菁匯創業投資有限公司) ("**Pidu Jinghui**") held approximately 83.33% share interest in it as of the Latest Practicable Date. Pidu Jinghui mainly engages in venture capital investment and asset management. As of the Latest Practicable Date, Pidu Jinghui was owned as to 97.65% by the State-owned Assets Supervision and Administration and Financial Work Bureau of Chengdu Pidu District* (成都市郫都區國有資產監督管理和金融工作局).

Chengdu Chengchuang is a limited partnership established in the PRC on November 16, 2017 and its general partner is Tan Sheng (譚勝). Tan Sheng has engaged in equity investments for 22 years, mainly investing in, among others, military industry, integrated circuits and new energy. As of the Latest Practicable Date, Chengdu Chengchuang had 47 limited partners and none of which held more than 30% of its partnership interest.

As of the Latest Practicable Date, as confirmed by Chengdu VC and Chengdu Jingrong, Chengdu VC is the private equity fund manager of Chengdu Jingrong. As confirmed by Chengdu Chengchuang, Chengdu Chengchuang is a follow-up investment platform for employees of Chengdu VC.

To the best knowledge of the Directors, save as disclosed above, each of Chengdu VC, Chengdu Jingrong and Chengdu Chengchuang, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

17. ***Ningbo Qirui***

Ningbo Qirui is a limited partnership established in the PRC on November 29, 2016 and its general partner is Yaojin (Shanghai) Private Equity Fund Management Co., Ltd.* (曜金(上海)私募基金管理有限公司) (formerly known as Guoyao Zhongjin (Shanghai) Private Equity Investment Management Co., Ltd* (國藥中金(上海)私募股權投資管理有限公司)) ("**Yaojin Shanghai**"). As of the Latest Practicable Date, Ningbo Qirui was ultimately controlled as to approximately 34.36% by Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 01099), mainly engaged in pharmaceutical products and medical device distribution business. Yaojin Shanghai mainly engages in private equity investment and fund management. As of the Latest Practicable Date, Yaojin Shanghai was owned as to 51% by China International Capital Corporation Limited* (中國國際金融股份有限公司), a company listed both on the Shanghai Stock exchange (stock code: 601995) and on the Hong Kong Stock Exchange (stock code: 03908), mainly engaged in investment banking, equity business and etc. and was owned as to 49% by Sinopharm Group Co., Ltd. As of the Latest Practicable Date, Ningbo Qirui had 11 limited partners, of which Chuancai Securities Co., Ltd. (川財證券有限責任公司) held approximately 26.44% of its partnership interest and China State owned capital venture capital fund Co., Ltd. (中國國有資本風險投資基金股份有限公司) held approximately 25.91% of its partnership interest. None of the other limited partners of Ningbo Qirui held more than 30% partnership interest in it.

To the best knowledge of the Directors, save as disclosed above, each of Ningbo Qirui, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

18. ***CCBI Investment***

Three entities controlled by CCB International (Holdings) Limited ("**CCBI Investment**") made Pre-IPO Investments in our Company. Details of these three entities are set out as below:

Qianhai Jiancheng is a limited liability company incorporated under the laws of the PRC on August 8, 2017, and is solely owned by CCBI Investment Limited (建銀國際投資有限公司). As of the Latest Practicable Date, the ultimate beneficial owner of both Qianhai Jiancheng and CCBI Investment Limited was China Construction Bank Corporation (中國建設銀行股份有限公司), a company listed both on the Shanghai Stock Exchange (stock code: 601939) and the Hong Kong Stock Exchange (stock code: 939) ("**CCB**").

Jianchuang Zhongmin is a limited partnership established in the PRC on October 17, 2017. The general partner of Jianchuang Zhongmin is CCTC Zhongmin Venture Capital Management (Kunshan) Co., Ltd.* (建創中民創業投資管理(昆山)有限公司), which is ultimately owned as to approximately 65% by CCB. As of the Latest Practicable Date, Jianchuang Zhongmin had 3 limited partners, Tianjin Nordic Investment Co., Ltd.* (天津諾德投資有限公司) ("**Tianjin Nordic**"), Kunshan High Tech Group Co., Ltd.* (昆山高新集團有限公司) ("**Kunshan High Tech**") and Zhongmin Hupei (Wuhan) Consulting Management Co., Ltd* (中民護培(武漢)諮詢管理有限公司) ("**Zhongmin Hupei**"), each held approximately 32.79% of its partnership interest. Tianjin Nordic is engaged in investment and other capital market business. As of the Latest Practicable Date, Tianjin Nordic was ultimately owned by CCBI Investment. Kunshan High Tech is mainly engaged in investment and asset management. As of the Latest Practicable Date, Kunshan High Tech is wholly owned by the State-owned Assets Supervision and Administration Office of the Municipal Government of Kunshan City* (昆山市政府國有資產監督管理辦公室). Zhongmin Peihu is mainly engaged in medical management service and medical information consultation. As of the Latest Practicable Date, Zhongmin Peihu is wholly owned by Suzhou Yangtze New Materials Co.,Ltd. (蘇州揚子江新型材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002652), the major business of which includes material manufacturing and urban services. Jianchuang Zhongmin is specialized in equity investments in the healthcare industry.

Jinding Investment is a limited liability company incorporated under the laws of the PRC on March 11, 2010, of which CCBI Capital Management (Tianjin) Co., Ltd* (建銀國際資本管理(天津)有限公司) held approximately 29.98% share interest in it as of the Latest Practicable Date. As of the Latest Practicable Date, the ultimate beneficial owner of CCBI Capital Management (Tianjin) Co., Ltd was CCB.

To the best knowledge of the Directors, save as disclosed above, each of Qianhai Jiancheng, Jianchuang Zhongmin, Jinding Investment and CCBI Investment, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

19. ***Chengdu Bio-city***

Chengdu Bio-city is a limited partnership established in the PRC on September 11, 2019 and its general partner is Chengdu Bio-city Equity Investment Fund Management Co., Ltd.* (成都生物城股權投資基金管理有限公司), which mainly engages in investment management and was owned as to 54% by the State-owned Assets and Finance Bureau of Chengdu Hi-Tech Industrial Development Zone* (成都高新技術產業開發區國資金融局) as of the Latest Practicable Date. As of the Latest Practicable Date, Chengdu Bio-city had only one limited partner, Chengdu Tianfu International Bio-city Development Group Co., Ltd.* (成都天府國際生物城發展集團有限公司) ("**Chengdu Bio-city Group**"), which held 99% of its partnership interest. Chengdu Bio-city Group is mainly engaged in asset management and investment consulting. As of the Latest Practicable Date, Chengdu Bio-city Group was owned as to 54% by the State-owned Assets and Finance Bureau of Chengdu Hi-Tech Industrial Development Zone* (成都高新技術產業開發區國資金融局).

To the best knowledge of the Directors, save as disclosed above, each of Chengdu Bio-city, its ultimate beneficial owners, and its general partner and limited partner (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

20. ***Foshan Hongtao***

Foshan Hongtao is a limited partnership established in the PRC on September 10, 2020, mainly engages in equity investment and management. The general partner of Foshan Hongtao is Shenzhen Hongtao Fund Management Co., Ltd.* (深圳市弘陶基金管理有限公司), a company mainly engaged in equity investment management and was ultimately owned as to 82.60% by Qiu Jun (邱俊) as of the Latest Practicable Date. Qiu Jun has engaged in equity investment for more than 25 years. As of the Latest Practicable Date, Foshan Hongtao had 5 limited partners, of which Zhou Zhenyun (周震雲) held approximately 30.29% of its partnership interest and Li Renxia (李認霞) held approximately 30.29% of its partnership interest, and no other ultimate beneficial owners of Foshan Hongtao owned more than 30% benefits in it. Both Zhou Zhenyun and Li Renxia have extensive experience in equity investment. As of the Latest Practicable Date, the total assets managed by Foshan Hongtao was approximately RMB33 million.

To the best knowledge of the Directors, save as disclosed above, each of Foshan Hongtao, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

21. ***Foshan Zhiyao VC***

Foshan Zhiyao VC is a limited partnership established in the PRC on November 16, 2020. As of the Latest Practicable Date, Foshan Zhiyao VC was ultimately owned as to approximately 16.81% by Hu Wen (胡雯), 12.57% by Chen Yihe (陳益和) and 11.28% by Chen Hong (陳宏) and no other ultimate beneficial owners of Foshan Zhiyao VC owned more than 10% benefits in it. Hu Wen has engaged in finance for more than ten years. Chen Yihe has engaged in security investment for more than fifteen years. Chen Hong has extensive experience in equity investment.

The general partner of Foshan Zhiyao VC is Guangzhou Guangdong-Hong Kong Fund Management Co., Ltd.* (廣州粵港基金管理有限公司), a company mainly engaged in equity investment and fund investment, which was ultimately owned as to 57% by Liu Yingshan (劉英山) and 30% by Liu Zeshan (劉澤山) as of the Latest Practicable Date. Liu Yingshan has engaged in equity investment since 2015, and has invested in pharmaceutical industry for six years. Liu Zeshan has engaged in equity investment since 2014, and has invested in pharmaceutical industry for six years. As of the Latest Practicable Date, Foshan Zhiyao VC had 9 limited partners, and Taian Wanchuang Youfang Equity Investment Fund Management Partnership (Limited Partnership)* (泰安萬創友方股權投資基金管理合夥企業(有限合夥)) ("**Taian Wanchuang**"), being its largest limited partner, held approximately 56.60% of its partnership interest. Taian Wanchuang mainly engages in equity management and other activities with private equity funds. As of the Latest Practicable Date, Taian Wanchuang was ultimately owned as to 29.69% by Hu Wen (胡雯), 22.20%

by Chen Yihe (陳益和), 15.97% by Li Ying (李英), 15.97% by Lin Hanbin (林漢彬) and 10.88% by Zhu Xiaobing (朱曉兵), and no other ultimate beneficial owners of Taian Wanchuang owned more than 10% benefits in it. Li Ying has engaged in real estate industry since 2003. Lin Hanbin has engaged in real estate industry since 2003. Zhu Xiaobing has engaged in security investment since 2007. Foshan Zhiyao VC mainly engages in equity investment and management. As of the Latest Practicable Date, as confirmed by Foshan Zhiyao VC, the total assets managed by Foshan Zhiyao VC was RMB26.5 million.

To the best knowledge of the Directors, save as disclosed above, each of Foshan Zhiyao VC, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

22. ***Sichuan Xintongde***

Sichuan Xintongde is a limited partnership established in the PRC on November 27, 2015. As of the Latest Practicable Date, Sichuan Xintongde was ultimately owned as to approximately 23.91% by Bai Chensheng (白晨生) and 13.66% by You Gang (游剛), and no other ultimate beneficial owners of Sichuan Xintongde owned more than 10% benefits in it. Bai Chensheng has engaged in agriculture industry for more than 40 years. You Gang has engaged in commerce and corporate management for more than 30 years. The general partner of Sichuan Xintongde is Chengdu Tongde Chuangke Investment Management Partnership (Limited Partnership)* (成都同德創客投資管理合夥企業(有限合夥)) which is mainly engaged in venture capital and investment management, especially investing in pharmaceutical and high-end manufacturing companies, and was ultimately owned as to 50.34% by Zuo Rui (左瑞) and 32.66% by Wang Jun (王軍) as of the Latest Practicable Date. Zuo Rui has engaged in equity investment for fifteen years and has invested in sectors including TMT, high-end manufacturing and agriculture. Wang Jun has engaged in pharmaceutical industry for thirteen years and equity investment for twenty years. As of the Latest Practicable Date, Sichuan Xintongde had 10 limited partners, of which Bai Chensheng held approximately 23.91% of its partnership interest and Chengdu Jingrong Chuangfu Investment Co., Ltd* (成都市菁蓉創富投資有限公司) held approximately 21.95% of its partnership interest. Sichuan Xintongde focuses on investing in pharmaceutical and high-end manufacturing companies. As of the Latest Practicable Date, as confirmed by Sichuan Xintongde, the total assets managed by Sichuan Xintongde was approximately RMB146 million.

To the best knowledge of the Directors, save as disclosed above, each of Sichuan Xintongde, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

23. ***Xiamen Feiyu***

Xiamen Feiyu is a limited partnership established in the PRC on November 13, 2020 and its general partner is Fang Xiaozhu (方曉珠). As of the Latest Practicable Date, Xiamen Feiyu has only one limited partner, Yang Yumei (楊玉梅), who held 99.95% of its partnership interest. Fang Xiaozhu mainly engages in among other area, commercial trading and has invested in high-tech, advanced manufacturing and semiconductor fields. Yang Yumei mainly engages in real estate industry and has invested in high-tech, advanced manufacturing and semiconductor fields, etc. Xiamen Feiyu primarily invests in aerospace, high-end manufacturing, biomedicine, artificial intelligence and other industries.

To the best knowledge of the Directors, save as disclosed above, each of Xiamen Feiyu, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

24. ***Langma VC***

Three funds managed by Langma Peak Venture Capital Co., Ltd.* (朗瑪峰創業投資有限公司) ("**Langma VC**") made Pre-IPO Investments in our Company. Langma VC mainly engages in private equity investment fund management and venture capital fund management. As of the Latest Practicable Date, Langma VC was owned as to 95% by Xiao Jiancong (肖建聰) and 5% by Wang Yuping (王玉平). Xiao Jiancong has more than ten years' experience in equity investment, mainly investing in pharmaceutical and healthcare, semiconductor chips, new energy and new materials. Details of the three funds are set out as below:

Langma 34 is a limited partnership established in the PRC on December 24, 2019 and its general partner is Langma VC. As of the Latest Practicable Date, Langma 34 had 49 limited partners and none of which held more than 10% of its partnership interest. As of the Latest Practicable Date, as confirmed by Langma 34, the total assets managed by Langma 34 was approximately RMB57 million.

Langma 32 is a limited partnership established in the PRC on November 21, 2019 and its general partner is Langma VC. As of the Latest Practicable Date, Langma 32 had 49 limited partners and none of which held more than 10% of its partnership interest. As of the Latest Practicable Date, as confirmed by Langma 32, the total assets managed by Langma 32 was approximately RMB55 million.

Langma 26 is a limited partnership established in the PRC on August 26, 2019 and its general partner is Langma VC. As of the Latest Practicable Date, Langma 26 had 49 limited partners and none of which held more than 30% of its partnership interest. As of the Latest Practicable Date, as confirmed by Langma 26, the total assets managed by Langma 26 was approximately RMB70 million.

To the best knowledge of the Directors, save as disclosed above, each of Langma 34, Langma 32, Langma 26 and Langma VC, each of their ultimate beneficial owners, and each of their general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

25. *Jinjiang Guangzi*

Jinjiang Guangzi is a limited partnership established in the PRC on May 15, 2019. The general partners of Jinjiang Guangzi are Fujian Pan Pan Investment Co., Ltd.* (福建盼盼投資有限公司), which is mainly engaged in investment and other capital market business and was ultimately owned as to 90% by Cai Jinan (蔡金垵) as of the Latest Practicable Date and Herui Venture Capital Fund Management (Shenzhen) Co., Ltd.* (和瑞創業投資基金管理(深圳)有限公司) which is mainly engaged in fund management and was ultimately owned as to 40% by Chen Ruolin (陳若霖) and 40% by Wang Zhixian (王智顯) as of the Latest Practicable Date. Cai Jinan mainly engages in food and drink industry and has extensive experience in equity investment. Chen Ruolin has engaged in equity investment for more than eight years, mainly investing in pharmaceutical and healthcare industry. Wang Zhixian has engaged and studied in healthcare industry for more than six years. As of the Latest Practicable Date, Jinjiang Guangzi has only one limited partner, Cai Pipeng (蔡丕鵬), who held 98% of its partnership interest. Cai Pipeng mainly engages in food and drink industry and has more than ten years' experience in equity investment, mainly investing in pharmaceutical and healthcare industry. As of the Latest Practicable Date, as confirmed by Jinjiang Guangzi, the total assets managed by Jinjiang Guangzi was RMB31 million.

To the best knowledge of the Directors, save as disclosed above, each of Jinjiang Guangzi, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

26. *Shenzhen Zhongju*

Shenzhen Zhongju is a limited partnership established in the PRC on November 30, 2017. As of the Latest Practicable Date, Shenzhen Zhongju was ultimately owned as to approximately 20.53% by Yang Jing (楊靜), 16.05% by Zhang Wenhui (張文匯), 13.51% by Cai Ting (蔡挺) and 13.51% by Wang Haipeng (王海鵬). No other ultimate beneficial owners of Shenzhen Zhongju owned more than 10% benefits in it. The general partner of Shenzhen Zhongju is Beijing Red Horse Tianan Investment Co., Ltd.* (北京紅馬天安投資有限公司) which mainly focuses on investment in, *inter alia*, the TMT, pharmaceutical and healthcare industries and was ultimately owned as to 53.45% by Ouyang Jiwen (歐陽紀文) and 46.55% by Fu Yuxia (付玉霞) as of the Latest Practicable Date. Each of Ouyang Jiwen and Fu Yuxia has extensive experience in equity investment. As of the Latest Practicable Date, Shenzhen Zhongju had 6 limited partners, and Zhonghui Health Industry Co., Ltd.* (中匯健康產業有限公司) ("**Zhonghui Health**"), being its largest limited partner, held approximately 45.05% of its partnership interest. Zhonghui Health is mainly engaged in R&D development in medical industry. As of the Latest Practicable Date, Zhonghui Health was ultimately owned as to 45.18% by Yang Jing and 35.64% by Zhang Wenhui. Yang Jing and Zhang Wenhui mainly engage in medical technology industry. Cai Ting and Wang

Haipeng have extensive experience in equity investment. As of May 31, 2024 and to our Directors' understanding, as confirmed by Shenzhen Zhongju, it had not invest in other companies apart from our Company. As of the Latest Practicable Date, as confirmed by Shenzhen Zhongju, the total assets managed by Shenzhen Zhongju was RMB11 million.

To the best knowledge of the Directors, save as disclosed above, each of Shenzhen Zhongju, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company or other Pre-IPO Investors.

Compliance with Interim Guidance

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form to the Stock Exchange in the relation to the Listing, and (ii) no special rights of the Pre-IPO Investors will exist after the Listing, the Joint Sponsors have confirmed that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024.

Public float

Upon completion of the Global Offering and conversion of the Unlisted Shares into H Shares, assuming (i) 14,588,000 H Shares will be issued in the Global Offering; and (ii) 202,132,857 Unlisted Shares will be converted into H Shares, based on an Offer Price of HK$19.0 per H Share (being the mid-point of the indicative Offer Price range), 41.03% of our Company's total issued Shares with a market capitalization of at least HK$375 million will be held by the public as required under Rule 18A.07 of the Listing Rules. The 214,998,919 Shares, representing approximately 58.97% of our total issued Shares immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing. Except as stated above, all the H Shares directly held by other Shareholders will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules.

The 16,370,448 Shares held by Efung Ruihua and 5,456,813 Shares held by Efung XIV, all together 21,827,261 Shares, representing approximately 5.99% of our total issued Shares immediately following the completion of the Global Offering will be converted into H Shares. As Efung Ruihua and Efung XIV are managed by Efung Investment, and our non-executive Director Mr. Zhu Pai is one of the ultimate beneficial owners of Efung Investment, indirectly holding approximately 22.11% partnership interest in Efung Investment, each of Efung Ruihua and Efung XIV is a close associate of Mr. Zhu Pai and therefore, a connected person of our Company. As a result, the H Shares held by Efung Ruihua and Efung XIV will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

The number and percentage of Shares of the Pre-IPO Investors that will not count towards public float upon completion of the Global Offering will be as follows:

Name of Pre-IPO Investors	Number of Shares that will not count towards public float upon completion of the Global Offering	Percentage of Shareholding of Shares that will not count towards public float in the Total Shares upon completion of the Global Offering
Shanghai Xinsheng	6,798,296	1.86%
SDIC VC	29,426,685	8.07%
Shanghai Haidai	12,237,963	3.36%
Efung Ruihua	16,370,448	4.49%
Efung XIV	5,456,813	1.50%
Beijing Chongde	15,529,256	4.26%
Betta Pharmaceuticals Co., Ltd.	11,118,045	3.05%
Zhongling VC	3,335,415	0.91%
Gaoke Xinjun	3,186,158	0.87%
Tianjin Tianchuang	1,948,863	0.53%
Chengdu VC	3,122,434	0.86%
Foshan Hongtao	1,039,696	0.29%
Sichuan Xintongde	955,849	0.26%
Chengdu Jingrong	1,274,465	0.35%
Chengdu Chengchuang	63,719	0.02%
Total	111,864,105	30.68%

PREPARATION FOR POTENTIAL A SHARE LISTING

Our Company submitted an application for listing on the Shanghai Stock Exchange on June 30, 2022 (the "**A-Share Listing Application**") and had withdrawn the same on May 23, 2023. After due and careful consideration, the Company considered that the Hong Kong market may provide more international market exposure to allow our Company to expand its business internationally and to build brand recognition globally, thus enhancing the Group's R&D and could expedite commercialization of our products. As such, our Company considered it suitable to pursue the Listing on the Stock Exchange in accordance with the long-term expansion plan of our Company.

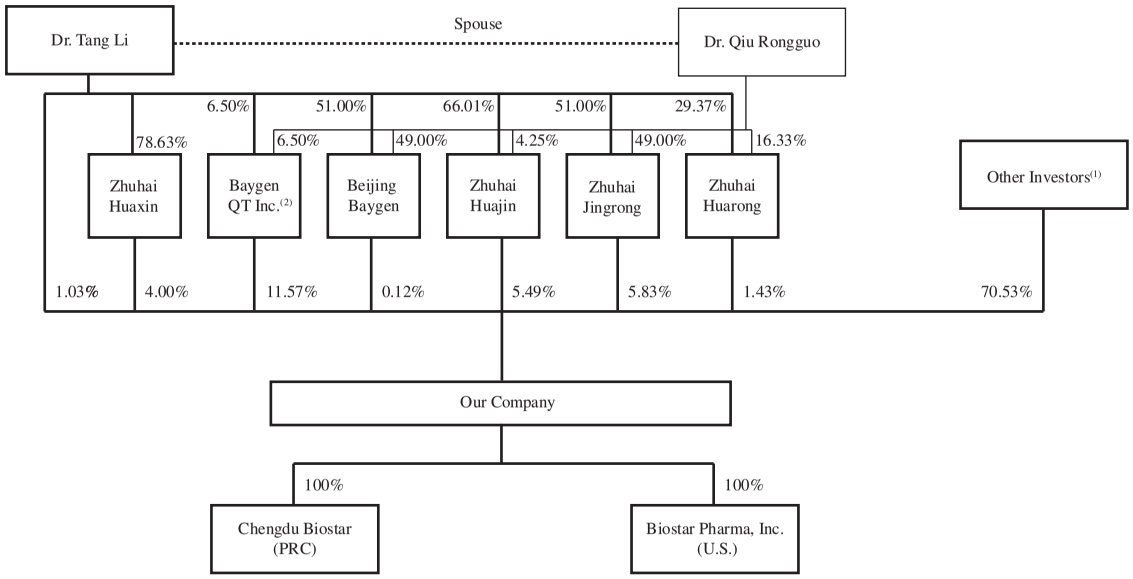
With regard to the A-Share Listing Application, our Company has addressed all enquiries received from the Shanghai Stock Exchange, and there were no further comments or issues raised by the Shanghai Stock Exchange prior to our withdrawal of the A-Share Listing Application. To the best of their knowledge and belief, our Directors are of the view that, to which the Joint Sponsors concur, (i) there are no matters relating to the A-Share Listing Application or any material or outstanding disagreement between our Company and parties relating to the A-Share Listing Application that may potentially affect the suitability of our Company to be listed on the Stock Exchange; and (ii) there are no matters relating to the A-Share Listing Application that ought to be drawn to the attention of potential investors and the withdrawal of the A-Share Listing Application would not have any material adverse impact on the Listing.

CORPORATE STRUCTURE

Corporate Structure Immediately before Completion of the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of the Group immediately prior to the completion of the Global Offering and conversion of the Unlisted Shares into H Shares:

Total shareholding held/controlled by our Single Largest Group of Shareholders: 29.47%



(1) For details on the other investors, please refer to the paragraphs headed "— Pre-IPO Investments — Summary of Pre-IPO Investments", "— Pre-IPO Investments — Capitalization of our Company" and "— Pre-IPO Investments — Information about our Pre-IPO Investors" in this section.

(2) As of the Latest Practicable Date, Baygen QT Inc. is owned as to 43.5%, 43.5%, 6.5% and 6.5% by Kevin Zhang, Hannah Qiu, Dr. Tang Li and Dr. Qiu Rongguo, respectively.

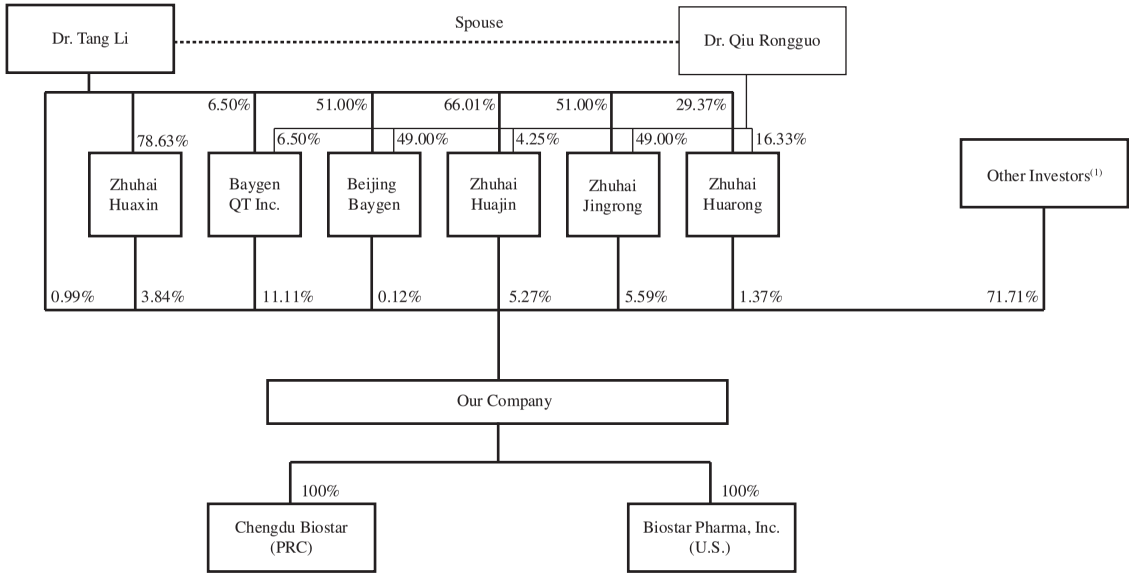
Pursuant to the equity transfer agreement entered into among Dr. Tang Li, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu on January 20, 2006, Dr. Tang Li has been conferred the power to elect all directors and officers of Baygen QT Inc., and other shareholders of Baygen QT Inc. have no right to control or manage the business thereof.

Kevin Zhang and Hannah Qiu are Dr. Tang Li's son and daughter. Pursuant to an irrevocable proxy dated August 21, 2021 made among Dr. Tang Li, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu had granted an irrevocable proxy vesting all voting power in the issued and outstanding shares of Bayngen QT Inc. to Dr. Tang Li. Through the aforementioned irrevocable proxy, Kevin Zhang and Hannah Qiu merely vested all of their respective voting power to Dr. Tang Li and do not act in concert with Dr. Tang Li. Dr. Tang Li, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu are not deemed to be interested in any Shares in which one another is interested through Baygen QT Inc. by virtue of the aforementioned irrevocable proxy and, accordingly, Kevin Zhang and Hannah Qiu are not considered as members of the Single Largest Group of Shareholders.

Corporate Structure Immediately following Completion of the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of the Group immediately following the completion of the Global Offering and conversion of the Unlisted Shares into H Shares:

Total shareholding held/controlled by our Single Largest Group of Shareholders: 28.29%



(1) Other investors include our Pre-IPO Investors and H Shareholders participating in the Global Offering. For details on our Pre-IPO Investors, please refer to the paragraphs headed "— Pre-IPO Investments — Summary of Pre-IPO Investments" and "— Pre-IPO Investments — Information about our Pre-IPO Investors" in this section.

(2) The total of 103,134,814 Shares held by the Single Largest Group of Shareholders and the total of 79,166,364 Unlisted Shares held by our Pre-IPO investors, immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing. Except as stated above, all the H Shares directly held by other Shareholders will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. For more details, please refer to the paragraphs headed "— Public Float" in this section.

OVERVIEW

We are a synthetic biology-driven biopharmaceutical company committed to developing innovative drugs in oncology. Under the leadership of our co-founders, Dr. Tang Li and Dr. Qiu Rongguo, we have successfully developed three core technology platforms which focus on the R&D of microbial metabolite new drugs. As of the Latest Practicable Date, we had one commercialized product and 19 other pipeline product candidates. Our single Core Product, Utidelone Injection, received approval from the NMPA in 2021 for its lead indication, the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine. This ended a nearly two-decade absence of independently-developed domestic Class 1 innovative chemotherapy drugs in China. As of the Latest Practicable Date, Utidelone Injection was the only approved chemotherapy drug developed using synthetic biology technology, and it was also the sole microtubule inhibitor oncology drug with a new molecular structure that was approved worldwide since 2010.

Based on preclinical and clinical studies, Utidelone has exhibited several advantages, such as improved anti-tumor activity, good safety profile, capability to constantly work against multidrug-resistant tumors, being less prone to inducing drug resistance, and the ability to cross the blood-brain barrier. For more information, see "— Core Product: Utidelone Injection — Competitive Advantages." We believe that Utidelone has the potential to both compete against and complement taxanes, further broadening the applications of microtubule inhibitor drugs in the field of oncology. In January 2023, Utidelone Injection was included in the 2022 NRDL, and the negotiated price has been effective since March 1, 2023, alleviating the financial burden on patients and expanding our market reach. For the year ended December 31, 2022, the sales volume of our Core Product reached 18,483 vials, and it reached 90,021 vials for the year ended December 31, 2023. The sales volume of our Core Product reached 38,577 vials for the five months ended May 31, 2024.

We are actively developing an oral formulation of Utidelone, namely Utidelone Capsule, which has suggested good efficacy and safety profile along with higher bioavailability according to current preclinical and clinical research, and it also provides more convenience and better compliance from patients. Furthermore, it could ease the financial burden on patients and facilitate combination with other anti-cancer drugs to open up opportunities for new therapies. We are of the view that Utidelone Capsule represents an enhancement in cancer treatments, which may lead to an increase in our market share.

Leveraging our synthetic biology technology platforms, we have also been consistently developing other formulations of Utidelone as well as other active pharmaceutical ingredients, such as BG22, BG18 and BG44, which are in early development stages.

Our Product and Pipeline

The following diagram sets forth key details of our portfolio as of the Latest Practicable Date:

Assets[1]	Indication	Combo	Development area[2]	Pre-clinical / IND / Phase I / Phase II / Phase III / NDA[3]	Commercial Rights	Treatment Stage/Line	Current Status/ Upcoming Milestone
Utidelone Injection ★	Advanced breast cancer ▲	Xeloda	CN[4]	NDA	Global	after previous treatment of anthracycline or taxane	NDA approved in March 2021 and included in the 2022 NRDL in 2023
		Xeloda	Global[5, 9]	Phase III[6]			Expect to submit NDA in Q4 2027
	Advanced non-small cell lung cancer	Monotherapy	CN	Phase III		2L+	Expect to submit NDA in Q4 2025
		Monotherapy	Global[5, 9]	Phase II[6]		2L+	Expect to submit NDA in Q4 2027
	Breast cancer neoadjuvant	AC	CN	Phase III[6]		treatment naïve	Expect to submit NDA in Q4 2025
	Solid tumors[7]	Monotherapy/ PD-1	CN	Phase III		2L+/1L[11]	Completed phase II in Q3 2024
	Breast cancer brain metastasis	Xeloda	US[9]	Phase II		2L+	Obtained IND approval in Q2 2024
	Lung cancer brain metastasis	VEGF mAb	CN	Phase I		2L+	Obtained IND approval in Q3 2024
	Glioblastoma	VEGF mAb	CN & US[9]	IND		TBD	Expect to submit IND application in Q4 2024
Utidelone Capsule	Solid tumors	Monotherapy	US[9]	Phase II	Global	2L+	Completed phase I in Q2 2024
		Monotherapy	CN	Phase II[8]		2L+	Completed part I and part II in Q2 2024
	Advanced breast cancer	Xeloda	CN	Phase II[10]		after previous treatment of anthracycline or taxane	Expect to submit pre-NDA in Q4 2024
	Advanced ovarian cancer	Monotherapy	CN & US[9]	Phase II		2L+	Expect to complete the FPI in Q4 2024
	Advanced liver cancer	Monotherapy	CN	Phase II		2L+	Expect to complete the FPI in Q4 2024
	Advanced gastric and esophageal cancers	PD-1	CN & US[9]	Phase I		1L[11]	Expect to submit IND application for a phase II-III MRCT in Q4 2024
Utidelone nano-injection	Solid tumors	TBD	CN	Pre-clinical		TBD	Expect to submit IND application in 2025
Utidelone antibody-drug conjugate	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2025
BG22	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2025
BG18	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2026
BG44	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2026

★ Core Product
▲ Lead Indication

Notes:

(1) All of our assets belong to small molecule drug, except Utidelone antibody-drug conjugate which belongs to biological drug, and all of them are in-house developed. As advised by our PRC Legal Advisors, according to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), which was latest amended by the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) on January 22, 2020 and took effect on July 1, 2020, approved drugs are each allocated an approval number, and such approval number shall remain unchanged in the event of change in details of registration after the drug has been launched. In respect of new indications for a marketed drug, an applicant could submit a supplemental application therefor, and the applicant would not receive a new approval number in such a case. Accordingly, a drug approved for different indications by the NMPA is regulated as a single drug in China. In contrast, for drugs with different formulations, such as injection and capsule, they are treated and regulated as different products with separate approval number allocated. Therefore, if more indications are approved for Utidelone Injection, the approval number currently allocated to Utidelone Injection would remain unchanged. In contrast, if Utidelone Capsule is approved for marketing, it would be allocated a new approval number.

(2) In China, the NMPA is the competent authority supervising clinical trials, while in the United States, the competent authority is the FDA.

(3) It includes NDA submission and NDA approval.

(4) Utidelone Injection was approved for marketing as a Class 1 innovative drug in China, with the market approval number of YBH01772021. Utidelone Injection was approved by the NMPA in 2021 for the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine.

(5) The multi-regional clinical trial (MRCT) are conducted in the United States, Europe, and members of the Asia-Pacific Economic Cooperation.

(6) Given that we had completed all phases of clinical trials for advanced breast cancer in China and obtained NDA approval from the NMPA, which has well established the safety profile of Utidelone and its efficacy for treating breast cancer, we were exempted from (i) phase I and phase II clinical trials prior to the phase III MRCT of Utidelone Injection for advanced breast cancer; (ii) phase I clinical trial prior to the phase II-III MRCT of Utidelone Injection for advanced non-small cell lung cancer; and (iii) phase II clinical trial prior to the phase III clinical trial of Utidelone Injection for early breast cancer neoadjuvant.

(7) For solid tumors (excluding breast cancer and NSCLC), we have completed the first-stage phase II clinical trial of Utidelone Injection monotherapy, and we have also completed the second-stage phase II clinical trial of Utidelone Injection in combination with PD-1.

(8) It includes the part I (dose-escalation trial) and part II (pharmacokinetic comparison and dietary impact trial) of the pivotal clinical trial of Utidelone Capsule in China.

(9) We are seeking global opportunities for collaboration and may out-license to third-parties out of China. For more information, please refer to "Business — Research and Development."

(10) Based upon the completed part I and part II of the pivotal clinical trial of Utidelone Capsule in China, we are now progressing the part III of the pivotal clinical trial, testing the combination of Utidelone Capsule with Xeloda for advanced breast cancer.

(11) The study protocol of the second stage of the phase II study of Utidelone Injection for advanced solid tumors (Utidelone Injection in combination with PD-1 for the first-line treatment of advanced gastric and esophageal cancers) has been acknowledged by the CDE in June 2023. Following the completion of the aforesaid study and in reliance on the clinical data derived therefrom, we intend to apply for and proceed with a phase II-III MRCT of Utidelone Capsule for the first-line treatment of advanced gastric and/or esophageal cancers, in line with our strategy to differentiate the indication development of Utidelone Capsule from Utidelone Injection.

Abbreviations:
Xeloda: capecitabine; AC: anthracycline and cyclophosphamide;
VEGF mAb: vascular endothelial growth factor monoclonal Antibody; TBD: to be determined.

Our in-house developed Core Product, Utidelone Injection, was approved for marketing by the NMPA in 2021 for the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine. Leveraging the approved indication and harnessing our expertise in drug development, we are poised to move forward with heightened efficiency.

— **Utidelone Injection, Our Core Product**. Utidelone is produced by genetical engineering bacteria, which are developed through synthetic biology technology. It has broad-spectrum anti-tumor activity and is the only non-taxane microtubule inhibitor drug that has achieved both PFS and OS benefits when in combination with capecitabine, compared to capecitabine monotherapy. The development plan of indications for our Core Product is set out below:

  - **Relapsed or metastatic breast cancer (approved in China):** According to Frost & Sullivan, breast cancer is one of the most common cancers in the world. In 2023, the global incidence of advanced breast cancer reached 520.1 thousand, and the incidence of advanced breast cancer in China reached 78.9 thousand. According to clinical needs and market prospect, we prioritize our resources on the clinical study of Utidelone Injection for advanced breast cancer. Compared to capecitabine monotherapy, the phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer showed that the median PFS of the combination therapy was improved from 4.1 months to 8.6 months, the median OS extended from 15.7 months to 20.9 months, and the ORR was 49.8%, higher than 26.7% of the monotherapy, demonstrating Utidelone Injection's good efficacy. Meanwhile, the combination therapy demonstrated mild myelosuppression, low gastrointestinal and hepatorenal toxicities, suggesting competitive advantages over other microtubule inhibitors and chemotherapy drugs. The clinical results of Utidelone Injection have been widely recognized by experts and were orally presented twice in the ASCO annual meeting. The findings have been published in the prestigious international oncology journals Lancet Oncology and Annals of Oncology. In 2021, Utidelone Injection was approved for marketing by the NMPA. In 2023, Utidelone Injection was included in the NRDL for relapsed or metastatic breast cancer with at least one previous chemotherapy regimen, and it was upgraded to Grade I recommendation (level 1A evidence) in the CSCO Breast Cancer Guidelines (2023 Edition) (《CSCO乳腺癌診療指南(2023)》). We also received approval from the FDA to conduct a phase III MRCT for this indication, which is expected to commence in the second half of 2024;

- **HER2-breast cancer neoadjuvant (Phase III superiority trial, head-to-head comparison with docetaxel):** As recommended by the CSCO and the NCCN guidelines, AC in combination with taxanes is currently a neoadjuvant standard treatment for patients with HER2-breast cancers, nevertheless its efficacy and safety profile are limited. Based on the background that Utidelone Injection was approved for the treatment of advanced breast cancer, we believe that it can be applied to early breast cancer treatment and can benefit more cancer patients, meanwhile expanding our market share. We have enrolled the first patient for this trial in May 2023, and expect to file an NDA submission with the NMPA in the fourth quarter of 2025. We believe that our product has the potential to become a preferred neoadjuvant chemotherapy option for HER2-breast cancer;

- **Advanced NSCLC (Phase III superiority trial, head-to-head comparison with docetaxel):** According to Frost & Sullivan, lung cancer is the most common cancer in China and globally. In 2023, the global incidence of advanced NSCLC reached 1,377.6 thousand, and the incidence of advanced NSCLC in China reached 588.4 thousand. Chemotherapy is one of the most important treatments for NSCLC. According to a phase II clinical trial of Utidelone monotherapy for advanced NSCLC patients who had previously failed or were unable to tolerate the second-line treatment or above (including platinum-based chemotherapy), Utidelone Injection showed good efficacy and safety profile: the ORR was 19.0%, the DCR was 81.0%, the PFS was 4.37 months, and the 12-month survival rate was 71.0%. In addition, the incidence of hematologic toxicity was low, with no fatalities due to TRAEs during the trial. We are currently conducting this phase III trial and have enrolled the first patient in May 2023, expecting to file an NDA submission with the NMPA in the fourth quarter of 2025. We also received FDA approval to conduct phase II-III seamless MRCTs for this indication. Moreover, we have completed clinical site screening visits in the United States for the phase II trial, and expect to submit NDA in 2027;

- **Solid tumors (in combination with PD-1 for the first-line treatment of advanced gastric and esophageal cancers):** According to Frost & Sullivan, gastric and esophageal cancers are common cancers in China. In 2023, the global incidence of advanced gastric cancer and advanced esophageal cancer reached 607.2 thousand and 373.1 thousand, respectively, and the incidence of advanced gastric cancer and advanced esophageal cancer in China reached 225.1 thousand and 164.0 thousand, respectively. Chemotherapy in combination with PD-1 has gradually become the preferred option for first-line treatment of advanced gastric and esophageal cancers. According to the data of the first stage of our phase II clinical trial, the CBR of Utidelone monotherapy for advanced gastric and esophageal cancers reached 53% and 70%, with ORR of 20% and 40%, respectively. We have completed the second stage of our phase II clinical trial of Utidelone in combination with PD-1 for the first-line treatment of gastric and esophageal cancers in September 2024;

- **Breast cancer brain metastasis, lung cancer brain metastasis and other brain tumor indications:** Utidelone can cross blood-brain barrier, enabling it to reach a high drug concentration in brain tissues. An ongoing phase II clinical trial of Utidelone Injection in combination with etoposide and bevacizumab for the treatment of HER2- breast cancer brain metastasis showed a CNS-ORR of 73% and a CNS-CBR of 91%, respectively. Another ongoing phase II clinical trial of Utidelone Injection in combination with bevacizumab for the treatment of HER2- breast cancer brain metastasis demonstrated a CNS-ORR of 43.5%, a median PFS of 7.7 months, and a 12-month OS rate of 74.4%. Given Utidelone's performance in aforementioned clinical trials, we submitted an IND application for a phase II (pivotal) clinical trial for the treatment of lung cancer brain metastasis in China in early June 2024, and obtained an IND approval in September 2024. Meanwhile, we obtained an ODD approval from the FDA for breast cancer brain metastasis in March 2024 and obtained IND approval for a phase II (pivotal) clinical trial in June 2024, which is expected to be commenced in the United States in the second half of 2024. In addition, we also plan to submit IND applications to the NMPA and the FDA for phase II clinical trials for the treatment of glioblastoma in the fourth quarter of 2024, further expanding the application scope of Utidelone for brain tumor.

Given the properties of Utidelone, we focus on the development of a series of new formulations, Utidelone Capsule in particular, to enhance efficacy, safety profile, compliance, accessibility, and broaden the combination with other oncology drug treatments, facilitating long-term use and benefiting patients in the long run:

— **Utidelone Capsule**. We have successfully developed an oral formulation of Utidelone, and are conducting a pivotal clinical trial in China. Unlike taxanes, which are susceptible to P-glycoprotein-mediated efflux and are not readily absorbed by intestinal cells, thereby making it difficult to develop into oral formulations, Utidelone is not susceptible to P-glycoprotein-mediated efflux, thus giving it an advantage for oral administration and achieving better bioavailability. As of the Latest Practicable Date, the two trials had demonstrated improved efficacy, and among 36 advanced late-line solid tumor patients eligible for evaluation who received Utidelone monotherapy, there were one CR, four PR, and 21 SD, and the TRAEs were manageable.

  Going forward, we plan to submit a pre-NDA to the NMPA in the fourth quarter of 2024 for the combination of Utidelone Capsule with capecitabine for the treatment of advanced breast cancer.

  We also plan to submit IND applications to the NMPA and the FDA in the fourth quarter of 2024 for a phase II-III MRCT of the combination of Utidelone Capsule with PD-1 for the treatment of advanced gastric and esophageal cancers. In the United States, we have obtained an ODD approval from the FDA for Utidelone Capsule for the treatment of advanced gastric cancer.

We expect to complete the FPI for a phase II clinical trial of Utidelone Capsule monotherapy for the treatment of advanced ovarian cancer in China in the fourth quarter of 2024.

In addition, we also plan to complete the FPI for a phase II clinical trial of Utidelone Capsule for the treatment of liver cancer in China in the fourth quarter of 2024, so as to further expand its application scope. We believe Utidelone Capsule has great potential as be a new chemotherapy anti-tumor drug in oral formulation, which could improve the treatment experience of patients in terms of convenience and compliance, while also easing the financial burden on patients. Moreover, Utidelone Capsule is more convenient when being applied in combination with other anti-cancer drugs (especially drugs in oral formulation), and has a broader application and market prospects compared with standard drugs, such as paclitaxel;

— **Utidelone Nanoformulation**. Utidelone nanoformulation is an enhanced version of Utidelone Injection, utilizing nanotechnology to enhance drug solubility, which effectively avoids allergic reactions caused by alcohol solvents and surfactants of drugs, eliminating the need for anti-allergy treatment before administration, and simplifying the administration process. Furthermore, nanotechnology effectively alters *in vivo* distribution of drugs, reduces adverse reactions caused by chemotherapy drugs due to their poor targeting abilities, improves efficacy and safety profile of drugs, and enhances patient compliance. We have completed nanoformulation screening and submitted patent applications for different nanoformulations. We are currently conducting further preclinical studies relating to Utidelone nanoformulation, with plans to submit an IND application in 2025;

— **Utidelone Antibody Drug Conjugate (Utidelone ADC)**. Utidelone ADC combines the potent effects of chemotherapy drugs with the tumor-targeting advantages of antibody drugs. Given the promising performance of ADCs in indications such as breast cancer and the clinical exploration involving microtubule inhibitor drugs as effective payloads, we believe that Utidelone, as an innovative chemotherapy drug with comprehensive clinical advantages, has the potential to be a good payload for ADCs, which will further strengthen our advantage in terms of efficacy and safety profile across multiple indications. We plan to submit an IND application for Utidelone ADC in 2025.

Leveraging our synthetic biology technology platforms, we have also independently developed a series of product candidates with different targets and mechanisms of action, including:

— **BG22** is a non-ribosomal polypeptide compound exhibiting promising anti-tumor activity by inhibiting DNA replication and transcription, inhibiting hypoxia-inducible factor 1α signals, and suppressing cancer stem cells. Studies have shown that the presence of cancer stem cells in malignant tumors such as breast cancer, lung cancer, liver cancer, and pancreatic cancer, is considered to be one of the causes of tumor development, invasion, metastasis, and resistance to radiotherapy and chemotherapy. BG22 can be developed as a cancer stem cell inhibitor for solid tumors. As of the Latest Practicable Date, we had completed the structure confirmation, production process development, quality research, and stability studies of its active pharmaceutical ingredients. We are going to submit an IND application for BG22 nanoformulation in 2025;

— **BG18** is a new derivative of a natural compound, as well as a protein phosphatase inhibitor that exhibits highly specific inhibition activity. Preclinical cytotoxic activity study and preclinical pharmacodynamic study have shown that this natural compound demonstrates inhibitory effects on human cancer cell lines such as leukemia, colorectal cancer, lung cancer, breast cancer, and ovarian cancer *in vitro*, and also displays promising anti-tumor effects *in vivo*. It can address the defect of the natural compound, which is less stable in human body, thereby enhancing its druggability. Since the precursor of BG18 is derived from microbial fermentation, it has advantages such as abundant sources, good stability, ease of quality control, and low production costs. As of the Latest Practicable Date, we had established a comprehensive biosynthetic pathway and mechanism for its precursor, alongside a robust genetic transformation system, enabling the synthesis of BG18 and its analogs. We have also developed a unique process for fermentation, chemical semi-synthesis, and purification of BG18 and its analogs, with patents granted in China, the United States, and Japan. Systematic CMC studies and non-clinical research on BG18 are currently in progress, and we plan to submit an IND application in 2026;

— **BG44**, produced from genetical engineering bacteria, is a derivative of Utidelone. The development of improved drugs typically involves lower investment and a shorter research cycle, benefiting from favorable policies and market conditions. We have completed the design, construction, and validation of its production strain, the development of its active pharmaceutical ingredient production process, and quality and stability research. We have also preliminarily completed its formulation and process screening and have initiated preliminary evaluations of its druggability. We plan to submit an IND application in 2026.

OUR COMPETITIVE STRENGTHS

1. Synthetic Biology Based Innovation Platforms with progressive Technology for Innovative Drug Development and High Barriers for Generics

We have established three key synthetic biology-based technology platforms, including the combinatorial biosynthesis, the microbial fermentation production, and the microbial drug formulation development.

— **The combinatorial biosynthesis platform as the cornerstone of our sustainable development of innovative drug candidates.** Based on the elucidation and understanding of the biosynthetic mechanisms of microbial metabolites, taking into account the structure-activity relationship and pharmacokinetic characteristic, we rationally design and make "unnatural natural compounds" by directional modification of the biosynthetic gene clusters or change of the microbial metabolic pathways structure-activity. This technology allows us to continuously create and produce new molecules from bacterial fermentation which are challenging to obtain through chemical synthesis or traditional fermentation. This approach can also provide intermediates for further chemical modifications to increase the pool of drug candidates. After undergoing directional design, modification, and testing in preclinical studies, these new molecules generally possess superior pharmacokinetic property, reduced toxicity, or better bioavailability. Therefore, we can invent innovative compounds with high druggability and industrialization potential, which enables us to develop innovative therapeutics, laying a solid foundation for our continuous development of microbial small molecule drugs. Utidelone and our current drug candidates are generated by this technology, highlighting the advantage of our combinatorial biosynthetic platform for sustainable innovation.

— **The microbial fermentation production platform as a guarantee of stable and high yield production and cost competition edge.** We have successfully overcome the technical difficulties in scaling up fermentation from genetical engineering bacteria of Utidelone or other drug candidates. We have achieved a leap from process development and small-scale production of Utidelone to pilot-scale and industrial production, which provides us with a reliable guarantee for stable and high-yield industrial production and confers us with competition edge in terms of costs and environment. After the approval of Utidelone Injection, we have proceeded with multiple-batch large-scale production with consistent yields and quality through the production platform. The platform is also a guarantee for other innovative drug candidates to achieve smooth transition from the pilot stage to large-scale production. This platform not only guarantees the efficient production of our products, but also ensures that each batch of products has stable quality. In addition, the microbial fermentation platform is environmental-friendly and with resource advantage.

— **The microbial drug formulation platform as a facilitator for the drug development and iteration of our products.** Our microbial drug formulation platform offers the capability to develop various proprietary formulation of microbial small molecules by differentiated formula designs, preparation methods, production processes and CQA controls. This platform allows us to explore the clinical value, and expand the application scope of, our drug candidates. It can also improve the druggability of microbial small molecule compounds by enhancing the convenience, safety profile, and efficacy.

We are committed to improving therapeutic experience of patients in terms of administration convenience, treatment compliance, safety profile, efficacy and accessibility through formulation innovation. We have successfully developed Utidelone Injection through the formulation platform, which became China's only commercialized Class 1 microtubule inhibitor drug developed by a domestic biotech company. Meanwhile, we have successfully addressed issues relating to low solubility and susceptibility to crystallization of Utidelone, and have developed an oral formulation. Utidelone Capsule has suggested good efficacy and safety profile along with higher bioavailability, and it also provides better convenience and compliance. Furthermore, it could ease the financial burden on patients and facilitate the combination with other anti-cancer drugs to open up opportunities for new therapies. Clinical trials of Utidelone Capsule are underway in both China and the United States, while as of the Latest Practicable Date, no oral formulation of paclitaxel had been successfully launched globally except for China and South Korea. We believe Utidelone Capsule poses a notable advancement in cancer treatment, which may lead to an increase in our market share if and when it is approved for marketing.

Taking the advantages of our microbial drug formulation development platform, Utidelone has undergone continuous innovation through new formulation development to further nanoparticle formulations (albumin-bound, micelle and liposome). Given that the development of albumin-bound, micelle and liposome forms of paclitaxel has spanned decades, and these paclitaxel formulation iteration products have demonstrated tremendous market volume, we believe that possessing more and advantageous formulation portfolio, especially with the smooth execution of clinical trials for Utidelone Capsule, would allow us to respond effectively to evolving demands in oncology care and thereby increase our market reach.

2. Core Product with Unique Competitive Merits and Great Potential to Rival Taxanes

Taxanes, as standard chemotherapy drugs in cancer treatment, have achieved significant sales of approximately RMB7.0 billion in China in 2023, making them the top-selling chemotherapy drugs in the country. However, Taxanes still face challenges such as drug resistance and safety concerns. This presents market opportunities for us to develop and promote innovative non-taxane chemotherapy products. We believe that the widespread recognition of taxanes will increase the visibility of our Core Product among doctors and patients over time. Moreover, leveraging the unique features and advantages of Utidelone Injection over taxanes, our Core Product is expected to

rival taxanes and become a cornerstone in the field of oncology. We aim to provide a superior alternative that addresses the limitations of traditional taxanes and offers improved treatment outcomes for cancer patients:

— **Promising clinical efficacy, prolonging patient survival:** Utidelone has demonstrated improved efficacy in clinical trials for various indications. For example, in the phase III clinical trial of Utidelone in combination with capecitabine for relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen, compared to capecitabine monotherapy, the combination therapy achieved both PFS and OS benefits, reducing the risk of disease progression and death. The ORR and CBR were also statistically higher than those of the capecitabine monotherapy, effectively alleviating the disease. Based on a preclinical *in vivo* pharmacodynamic study, Utidelone exhibited better efficacy than paclitaxel for multiple cancers. In addition, although no head-to-head clinical trial data are available at this stage, meta-analyses of several papers published in prestigious journals have confirmed the superior efficacy of Utidelone combination therapy compared to non-taxane drugs;

— **Low toxicity, suitable for long-term use:** Clinical trials showed that, in terms of grade 3/4 neutropenia, the incidences of Utidelone monotherapy and combination therapy were statistically lower than other treatments, demonstrating a competitive advantage in low hematological toxicity. The results of the phase III clinical trial of Utidelone in combination with capecitabine showed that, compared to capecitabine monotherapy, the combination therapy does not significantly increase the incidence or severity of adverse reactions like hematological, gastrointestinal, and hepatorenal toxicities. In addition, according to Frost & Sullivan, the clinical treatment cycle of taxanes is generally four to six cycles. Among the 267 subjects in our phase III trial, nearly 60% received at least six cycles Utidelone treatment, approximately 30% received at least eight cycles, and approximately 10% received at least 12 cycles, which also proved that Utidelone is safer and more suitable for long-term use;

— **Broad-spectrum anti-tumor activity with great potential for indication expansions:** Preclinical *in vitro* cytotoxic activity study indicates that, Utidelone Injection has better anti-tumor activity against more than a dozen human tumor cell lines, including endogenous resistant and acquired resistant cell lines. A preclinical *in vivo* pharmacodynamic study also indicates that, compared to paclitaxel, Utidelone has stronger anti-tumor activities on nude mouse human tumor xenograft models, including lung cancer, liver cancer, colon cancer, breast cancer, and prostate cancer. Based on our preliminary clinical results, due to the broad spectrum property of Utidelone, it has great potential for being used for a wide range of indications and in combination with other treatments. We are conducting clinical trials for advanced NSCLC, breast cancer neoadjuvant, gastric cancer, and esophageal cancer. We are also preparing trials for ovarian cancer, liver cancer, etc.

— **Remaining effective against multidrug-resistant tumors and less prone to develop drug resistance:** The overexpressed P-glycoprotein induced by drugs will decrease the concentration of drugs in tumor cells. However, Utidelone is not susceptible to P-glycoprotein-mediated efflux. Therefore, Utidelone will not be pumped out from the tumor cells and has a lower risk of cross-resistance. In addition, Utidelone would not be affected by tubulin mutations, which can cause paclitaxel resistance, and Utidelone could exhibit anti-tumor effects because their molecular structures and tubulin binding sites are different. The nude mouse human tumor xenograft models show that colon cancer is endogenously paclitaxel-resistant, and the tumor growth inhibition index of paclitaxel is only 11%, while that of Utidelone reaches 89%. Moreover, through long-term drug treatment and serial passage of sensitive tumor cells, investigators found that the cells developed resistance to paclitaxel but remained sensitive to Utidelone, indicating that Utidelone is less prone to induce resistance;

— **Capable of crossing the blood-brain barrier, offering significant potential for preventing and treating brain metastasis:** Utidelone can cross the blood-brain barrier due to its unique physicochemical characteristic and not being susceptible to P-glycoprotein-mediated efflux. Preclinical animal studies indicate that the pharmaceutical ingredients of Utidelone are widely distributed in various tissues and organs of rats, such as brain, stomach, and liver. 24 hours after injection, the concentration of the ingredients in most tissues and organs, including the brain, remains statistically higher than that in blood plasma, demonstrating Utidelone's potential in treating various solid tumors and its strong ability to cross the blood-brain barrier. Moreover, it has also been well established in a test to determine Utidelone concentration in a patient's brain tumors, as well as multiple investigator-initiated trials that Utidelone has good ability to cross blood-brain barrier and demonstrated favorable efficacy in breast cancer brain metastasis patients. As of the Latest Practicable Date, there was no approved drugs for the treatment of breast and lung cancer brain metastases in China;

— **Environmentally friendly fermentation production with resource advantages:** Unlike paclitaxel production which involves extensive plant collection and extraction and chemical semi-synthesis, Utidelone does not result in the production of various toxic substances during its fermentation production. The fermentation conditions of its biosynthesis process are mild, and the process is also simple, fast, green, and environmentally friendly. In addition, according to Frost & Sullivan, the scarcity of yew trees, the primary source of taxanes, constrains the production of taxanes and impedes the expansion of their market prospects. In contrast, Utidelone, which can be continuously produced through microbial fermentation, has notable resource advantages.

3. Maximizing Commercial Potential Through Indication Expansion and Formulation Development Efforts

After obtaining approval from the NMPA for the first indication, we continue to conduct clinical trials for more indications based on Utidelone's broad-spectrum advantage:

— **Address clinical needs:** Chemotherapy is one of the most widely used treatments for indications such as breast cancer, NSCLC, gastric cancer, and esophageal cancer. However, as no new molecular innovative microtubule inhibitor drug with clinical value has been launched over the years, patients face limited options for treatment.

— **Utidelone's broad-spectrum advantage:** In addition to the approved indication for advanced breast cancer, definite efficacy results were also observed in clinical trials of Utidelone Injection monotherapy or combination therapy for the treatment of early breast cancer, advanced NSCLC, advanced gastric cancer, advanced esophageal cancer, breast cancer brain metastasis, soft tissue sarcoma, and other cancers. We are also actively preparing clinical trials for various indications such as liver cancer and ovarian cancer.

In addition to actively expanding indications, we also make full use of the microbial drug formulation development platform to improve and innovate formulations:

— **Address market demands:** In cancer treatment, compared with injectable formulation, oral formulation shows better convenience and compliance in clinical practice. It not only helps in long-term adjuvant and maintenance therapies for cancer patients but also reduces the economic burden on patients as there is no need for hospitalization, suggesting potential for wide application around the world. However, developing oral formulations of chemotherapy drugs poses challenges. To be developed into oral formulations, these drug molecules generally must have appropriate solubility, permeability, good metabolic stability, and are not susceptible to P-glycoprotein-mediated efflux. As of the Latest Practicable Date, paclitaxel oral liquid and vinorelbine tartrate soft capsule were the only approved oral microtubule inhibitor oncology drugs worldwide, with approval and availability restricted to a very limited number of countries.

— **Utidelone's formulation advantage:** We are actively developing Utidelone's oral formulation, Utidelone Capsule, the median bioavailability of which is approximately 57%, demonstrating positive efficacy. As of the Latest Practicable Date, even in the lowest-dose group, there was a case of complete response. We believe that Utidelone Capsule could improve efficacy and safety profile, patient convenience and compliance, and ease the financial burden on patients. It is also easier to be used in combination with other drugs, presenting huge application and market prospects.

We are also simultaneously developing other new formulations of Utidelone and, through patent applications, protecting our core technology.

4. Efficient and Eco-friendly Production Capacity Achieved Through High-yield Genetical Engineering Bacteria and Advanced Manufacturing Facilities and Quality Control Systems

We have API facility and product manufacturing facility, both of which have passed the GMP compliance inspection. We prioritize quality, stability, environmental friendliness, and cost-effectiveness of our fermentation, and regard environmental protection and pollution control as important aspects.

— **In terms of cost-effectiveness and environmental protection,** leveraging our core technologies, we have developed high-yield genetical engineering bacteria *Sorangium cellulosum* for epothilone analogs, enabling large-scale microbial fermentation production, which is a new and environmentally friendly production process. At the same time, we have overcome technical challenges that limit scale-up, such as low fermentation yield of epothilones, unstable production, numerous by-products, and difficult downstream purification processes. We also strictly control the discharge of production waste, thereby achieving efficient production at an industrial fermentation scale. This approach offers favorable environmental and economic benefits;

— **In terms of quality management,** in accordance with the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》), the requirements of GMP, and international standards such as ICHQ10 Pharmaceutical Quality System (《藥品質量體系》), we have established a pharmaceutical production quality management system to ensure quality control throughout the entire life cycle of our products. The system covers production, packaging, inspection, release, warehousing, and distribution. Our production management department coordinates our production plans and gives production instructions based on sales demand, production cycle and inventory status. In addition, we strictly implement management procedures such as quality risk management, change control, deviation handling, rectification measures and preventive measures, and conduct regular internal audits and annual product quality review analysis to ensure our adherence to GMP standards and confirm that our production processes meet GMP requirements.

5. Our Marketing Team is Continuously Improving its Cooperation with Third Parties to Boost the Market Share of Our Products

Our sales and marketing team has actively carried out product promotion activities at the national, regional and city levels. In our product commercialization efforts, we give priority to core markets and focus on leading hospitals. This strategy has enabled us to establish stable and long-term cooperation.

— Our Core Product, Utidelone Injection, was officially included in the NRDL in 2023. As of May 31, 2024, the inclusion in the NRDL had greatly helped us gain access to approximately 509 hospitals, facilitating the clinical promotion of our products. Additionally, we had collaborated with CSOs across 21 provinces;

— We attach great importance to our research quality and focus on academic promotion to enhance the visibility of our marketed products and product candidates. The results of the phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer were twice orally presented in the ASCO annual meeting, one of the largest and most influential annual meetings of clinical oncology research in a global context. Relevant research papers had been published in the prestigious medical journals such as The Lancet Oncology and Annals of Oncology. Nature Review Clinical Oncology published Utidelone as a highlight, affirming its efficacy and safety profile demonstrated in clinical trials and its cost-effective production approach, and recognizing the significance of developing Utidelone.

We believe that our product's inclusion in the NRDL, alongside endorsements from KOLs and experts, will continue to boost our sales. This is further supported by our long-standing relationships with CSOs and distributors, extensive experience in commercialization, and well-established brand reputation both globally and domestically.

6. Seasoned Management Team with a Proven Track Record of R&D, Led by Founders with Extensive Experience in the Biotechnology Field

Our co-founders, Dr. Tang Li and Dr. Qiu Rongguo, are renowned microbiologist, molecular oncologist and veterans in the biotechnology field. Since the inception of the Company, they have worked persistently and passionately, and have the utmost faith and confidence to achieve their shared vision to provide high-quality, affordable and innovative drugs for patients and drive the company to success.

— With over 40 years of experience in the biotechnology field, Dr. Tang has long been engaged in the development of microbial small-molecule drugs. She has made breakthroughs in biosynthesis and scale-up fermentation production of natural small-molecule drugs, and established an advanced synthetic biology technology platform. Dr. Tang has led a number of major projects under the 863 Program (863計劃) and the Major Science and Technology Special Project for "Significant New Drugs Development" ("重大新藥創制"科技重大專項). She has published more than 40 research papers in prestigious academic journals such as Science, JACS, PNAS, Chem & Biol, and Lancet Oncol, and holds more than 40 international and domestic invention patents. Dr. Tang once served as a senior scientist in Kosan Biosciences, Inc., and as a professor at the Dalian University of Technology. Dr. Tang received her PhD degree and completed her postdoctoral research both at University of Wisconsin, Madison, USA.

— With over 40 years of experience in the biomedical field, Dr. Qiu specializes in molecular oncology and cell biology and is an expert in cell-based assays and preclinical pharmacology, having made important contributions to the understanding of oncogenic signaling and R&D of couple of successfully launched innovative small molecule anticancer drugs. He was also in charge of major projects under the 863 Program (863計劃), the Major Science and Technology Special Project for "Significant New Drugs Development" ("重大新藥創制"科技重大專項), and Major Research Project for

Returned Overseas' Entrepreneur of 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). Dr. Qiu has published more than 40 scientific articles in top ranking journals including Nature, Cell, PNAS, Curr Biol and Lancet Oncol, and is an inventor to more than 15 patents. Dr. Qiu once served as a scientist and project leader in various biotechnology and pharmaceutical companies, and as a professor in Dalian University of Technology. Dr Qiu received his PhD from Utrecht University, Netherlands, and completed his postdoctoral fellowship at University of California Berkeley, USA.

Under the leadership of Dr. Tang and Dr. Qiu, and inspired by their visionary ambition and attracted by our science-oriented and positive corporate culture that focuses on inclusive communication and efficient execution, we have assembled a core management team of highly-skilled talents with solid scientific background and expertise covering the full cycle of our drug development process, from drug discovery, pre-clinical study design and clinical trial execution to regulatory affairs, scale-up manufacturing and commercialization.

OUR DEVELOPMENT STRATEGIES

1. Launching Our Products Worldwide by Continuously Enhancing Our R&D Activities

We will further strengthen R&D efforts surrounding our product pipeline, in particular Core Product, and enhance the commercial value of products through in-house R&D as well as external collaboration:

— Clinical trials for more indications of our Core Product:

In addition to advanced breast cancer, we will also actively advance the clinical progress in respect of other indications, such as early breast cancer, NSCLC, breast cancer and lung cancer brain metastases, and glioblastoma. We will continue to boost more indications of Core Product so as to extend our future market prospect;

— Clinical trials for new formulations and modalities of Utidelone:

We will take full advantage of our own formulation platform in exploring new formulations for our Core Product. We will focus on advancing the clinical progress of the oral formulation in respect of the indications of gastric cancer, esophageal cancer, liver cancer, and ovarian cancer, as our strategy is to differentiate the indication development of Utidelone Capsule with Utidelone Injection. We also bring nanoformulation and ADC programs into clinical stage;

— R&D of other products:

In addition to clinical programs of Utidelone, we will also actively seek to advance the R&D progress of new programs including BG22, BG18 and BG44. We anticipate that the future approval and marketing of the aforesaid product candidates may further enrich our portfolio, further intensifying and broadening the commercialization of products of our Company;

— Global activity:

Putting great emphasis on accelerating the application and clinical progress of our pipeline in overseas markets, we will consistently push forward programs that have been approved for clinical trials, as well as introduce more clinical programs globally. In addition, we are actively selecting reliable global partners through out-licensing out of China rights or co-development of Utidelone Injection and Capsule. We believe that our strong capabilities of R&D and manufacturing, coupled with our enriched commercial expertise, make us the preferred partner for global biopharmaceutical companies who share our goal of bringing innovative anti-cancer products to patients around the world.

2. Satisfying Global Needs by Optimizing Our Production Quality and Capacity

We are committed to consolidating our strengths in terms of production and will continue to invest in high-caliber manufacturing equipment and optimal manufacturing environment so as to better satisfy our R&D and production needs while also achieving economies of scale and cost reduction during production. Additionally, we will establish or further expand the industrialized base for our active pharmaceutical ingredients and products, optimizing our production capacity.

In anticipation of the rapid progress of our overseas clinical trials and commercialization, we will upgrade and renovate our production facilities in accordance with cGMP standard to serve as groundwork for the future delivering of our products on a global scale.

3. Extending Brand Recognition and Market Reach by Strengthening and Expanding Our Sales and Marketing Team

We believe that there is still a huge unmet demand for new broad-spectrum chemotherapy drugs in China. Hence, we plan to solidify our commercialization capability so as to increase the market share of our Core Product.

We have formulated a comprehensive academic promotion plan and commercialization development strategy. In order to rapidly enhance market recognition and penetration of Utidelone Injection, we will continue to improve our sales capacity by establishing a professional sales team with extensive sales experience, and formulating professional and differentiated academic promotion and product marketing strategies to cover the medical institutions in key provinces, cities and regions across the country. In addition, we will also actively approach CSOs to expand the sales reach of our products and enhance our brand recognition.

In addition, as we expect our products to be commercialized on a larger scale overseas in the next three to five years, we are also actively looking for partners with global or specific regional drug sales capabilities to formulate and implement sales strategies based on local conditions.

4. Speeding up Technological Innovation and Commercialization by Attracting, Cultivating, and Retaining Top-tier Talents

We place a high priority on selecting and retaining talents. To sustain our growth, we will continue to recruit top professionals in R&D, clinical development, and commercialization. We are committed to providing our employees with comprehensive career development and learning opportunities, guidance from veterans, clear career development paths, competitive remuneration, and a collaborative and supportive working environment to achieve a corporate culture that attracts and retains like-minded, top-tier talents.

OUR PRODUCT AND PIPELINE

Utilizing our expertise in synthetic biology and leveraging our three technology platforms, we independently develop innovative drugs based on microbial metabolites. As of the Latest Practicable Date, we had one commercialized product and 19 other pipeline product candidates. The following diagram sets forth key details of our portfolio as of the Latest Practicable Date:

Assets[1]	Indication	Combo	Development area[2]	Pre-clinical / IND / Phase I / Phase II / Phase III / NDA[3]	Commercial Rights	Treatment Stage/Line	Current Status/ Upcoming Milestone
Utidelone Injection ★	Advanced breast cancer ▲	Xeloda	CN[4]	NDA	Global	after previous treatment of anthracycline or taxane	NDA approved in March 2021 and included in the 2022 NRDL in 2023
		Xeloda	Global[5, 9]	Phase III[6]		after previous treatment of anthracycline or taxane	Expect to submit NDA in Q4 2027
	Advanced non-small cell lung cancer	Monotherapy	CN	Phase III		2L+	Expect to submit NDA in Q4 2025
		Monotherapy	Global[5, 9]	Phase II[6]		2L+	Expect to submit NDA in Q4 2027
	Breast cancer neoadjuvant	AC	CN	Phase III[6]		treatment naïve	Expect to submit NDA in Q4 2025
	Solid tumors[7]	Monotherapy/ PD-1	CN	Phase III		2L+/1L[11]	Completed phase II in Q3 2024
	Breast cancer brain metastasis	Xeloda	US[9]	Phase II		2L+	Obtained IND approval in Q2 2024
	Lung cancer brain metastasis	VEGF mAb	CN	Phase I		2L+	Obtained IND approval in Q3 2024
	Glioblastoma	VEGF mAb	CN & US[9]	IND		TBD	Expect to submit IND application in Q4 2024
Utidelone Capsule	Solid tumors	Monotherapy	US[9]	Phase II	Global	2L+	Completed phase I in Q2 2024
		Monotherapy	CN	Phase II[8]		2L+	Completed part I and part II in Q2 2024
	Advanced breast cancer	Xeloda	CN	Phase II[10]		after previous treatment of anthracycline or taxane	Expect to submit pre-NDA in Q4 2024
	Advanced ovarian cancer	Monotherapy	CN & US[9]	Phase II		2L+	Expect to complete the FPI in Q4 2024
	Advanced liver cancer	Monotherapy	CN	Phase II		2L+	Expect to complete the FPI in Q4 2024
	Advanced gastric and esophageal cancers	PD-1	CN & US[9]	Phase I		1L[11]	Expect to submit IND application for a phase II-III MRCT in Q4 2024
Utidelone nano-injection	Solid tumors	TBD	CN	Pre-clinical		TBD	Expect to submit IND application in 2025
Utidelone antibody-drug conjugate	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2025
BG22	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2025
BG18	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2026
BG44	Solid tumors	TBD	Global	Pre-clinical		TBD	Expect to submit IND application in 2026

★ Core Product
▲ Lead Indication

Notes:

(1) All of our assets belong to small molecule drug, except Utidelone antibody-drug conjugate which belongs to biological drug, and all of them are in-house developed. As advised by our PRC Legal Advisors, according to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), which was latest amended by the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) on January 22, 2020 and took effect on July 1, 2020, approved drugs are each allocated an approval number, and such approval number shall remain unchanged in the event of change in details of registration after the drug has been launched. In respect of new indications for a marketed drug, an applicant could submit a supplemental application therefor, and the applicant would not receive a new approval number in such a case. Accordingly, a drug approved for different indications by the NMPA is regulated as a single drug in China. In contrast, for drugs with different formulations, such as injection and capsule, they are treated and regulated as different products with separate approval number allocated. Therefore, if more indications are approved for Utidelone Injection, the approval number currently allocated to Utidelone Injection would remain unchanged. In contrast, if Utidelone Capsule is approved for marketing, it would be allocated a new approval number.

(2) In China, the NMPA is the competent authority supervising clinical trials, while in the United States, the competent authority is the FDA.
(3) It includes NDA submission and NDA approval.
(4) Utidelone Injection was approved for marketing as a Class 1 innovative drug in China, with the market approval number of YBH01772021. Utidelone Injection was approved by the NMPA in 2021 for the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine.
(5) The multi-regional clinical trial (MRCT) are conducted in the United States, Europe, and members of the Asia-Pacific Economic Cooperation.
(6) Given that we had completed all phases of clinical trials for advanced breast cancer in China and obtained NDA approval from the NMPA, which has well established the safety profile of Utidelone and its efficacy for treating breast cancer, we were exempted from (i) phase I and phase II clinical trials prior to the phase III MRCT of Utidelone Injection for advanced breast cancer; (ii) phase I clinical trial prior to the phase II-III MRCT of Utidelone Injection for advanced non-small cell lung cancer; and (iii) phase II clinical trial prior to the phase III clinical trial of Utidelone Injection for early breast cancer neoadjuvant.
(7) For solid tumors (excluding breast cancer and NSCLC), we have completed the first-stage phase II clinical trial of Utidelone Injection monotherapy, and we have also completed the second-stage phase II clinical trial of Utidelone Injection in combination with PD-1.
(8) It includes the part I (dose-escalation trial) and part II (pharmacokinetic comparison and dietary impact trial) of the pivotal clinical trial of Utidelone Capsule in China.
(9) We are seeking global opportunities for collaboration and may out-license to third-parties out of China. For more information, please refer to "Business — Research and Development."
(10) Based upon the completed part I and part II of the pivotal clinical trial of Utidelone Capsule in China, we are now progressing the part III of the pivotal clinical trial, testing the combination of Utidelone Capsule with Xeloda for advanced breast cancer.
(11) The study protocol of the second stage of the phase II study of Utidelone Injection for advanced solid tumors (Utidelone Injection in combination with PD-1 for the first-line treatment of advanced gastric and esophageal cancers) has been acknowledged by the CDE in June 2023. Following the completion of the aforesaid study and in reliance on the clinical data derived therefrom, we intend to apply for and proceed with a phase II-III MRCT of Utidelone Capsule for the first-line treatment of advanced gastric and/or esophageal cancers, in line with our strategy to differentiate the indication development of Utidelone Capsule from Utidelone Injection.

Abbreviations:
Xeloda: capecitabine; AC: anthracycline and cyclophosphamide;
VEGF mAb: vascular endothelial growth factor monoclonal Antibody; TBD: to be determined.

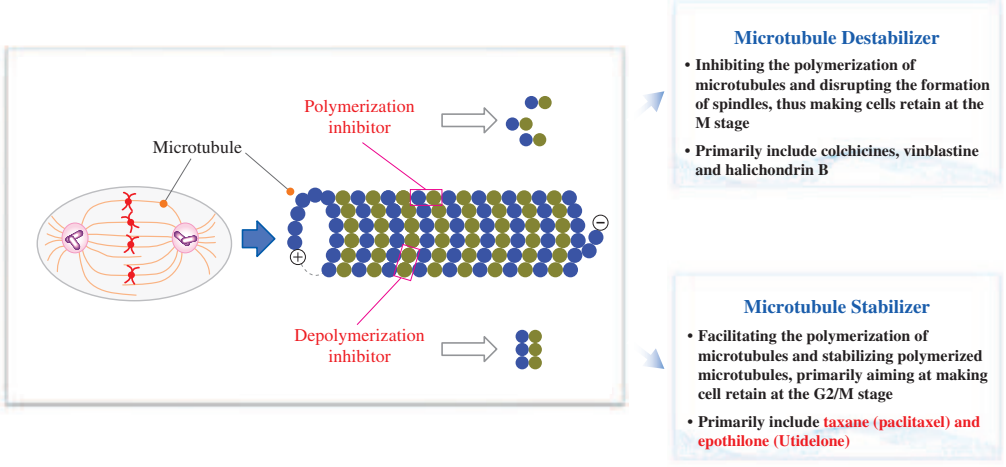
Core Product: Utidelone Injection

Overview

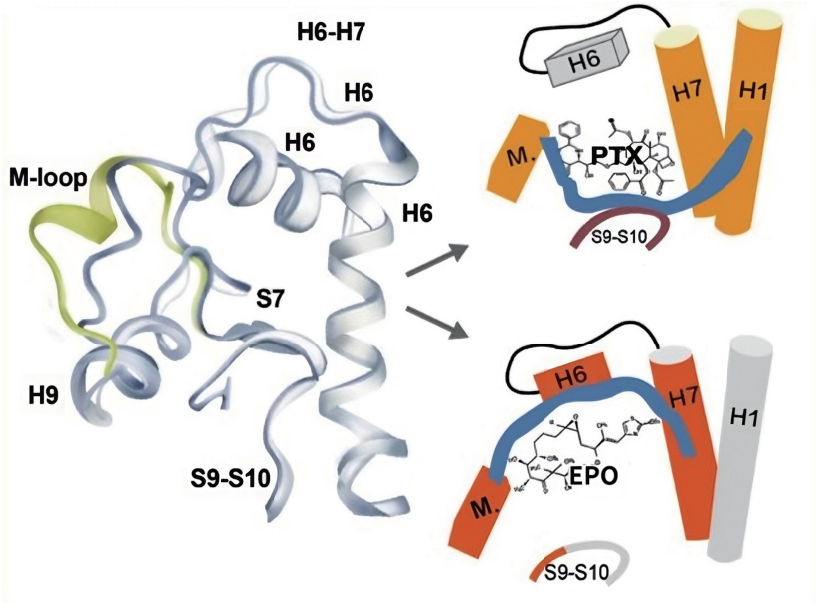
Utidelone Injection encompasses one commercialized product and eight programs that are currently under development. It has garnered widespread attention and recognition in the field of oncology since its introduction to the public. Before it was approved by the NMPA in March 2021, it was included in the CSCO Breast Cancer Guidelines (《CSCO乳腺癌診療指南》) (the "**Guidelines**") and underwent a priority review during its NDA. Additionally, it was consistently included in the Guidelines over the subsequent years and elevated to a Grade I recommendation (level 1A evidence) in 2023, during which it was also included in the 2022 NRDL. Meanwhile, we are actively advancing a multi-strategy clinical development plan to explore its potential as both a monotherapy and in combination therapies for treating various types of indications, so as to further enrich our pipeline and broaden our market horizon.

Drug Design and Mechanism of Action

Microtubules, composed primarily of α-tubulins and β-tubulins, constitute the fundamental components of eukaryotic cells. They mainly exist in the cytoplasm in the form of cytoplasmic microtubules, exhibiting a reticular or bundled distribution. Through the polymerization and depolymerization of their subunits, microtubules can develop into spindles and involve in the mitosis, a process where a eukaryotic cell divides into somatic cells. Chromosomes move towards the poles propelled by the spindles, thus completing the proliferation of cells. Following mitosis, spindles depolymerize into tubulins and subsequently assemble back into cytoplasmic microtubules. The dynamic equilibrium between tubulins and microtubules plays a pivotal role in cell growth and mitosis. Microtubule inhibitors impact the function of microtubules by either increasing the stability of their polymerization and inhibiting their depolymerization (such as paclitaxel and Utidelone), or conversely, promoting their depolymerization and destabilizing their polymerization (such as vinblastine and eribulin), thus disrupting the formation of spindles during mitosis, and further resulting in apoptosis and exerting anti-tumor effects. Microtubule inhibitors are commonly used chemotherapy drugs and could preferentially act on tumor cells which are rapidly dividing. The diagram below sets forth the two types of microtubule inhibitor:



Utidelone, a microtubule inhibitor, targets β-tubulins. By binding to the subunit of β-tubulins, it induces and promotes the formation of microtubules and inhibits their depolymerization, thereby disrupting mitosis, resulting in apoptosis, and inhibiting the growth of tumor cells. Taxanes have been crucial chemotherapy drugs for about 30 years for treating solid tumors since their launch. However, their considerable side effects, such as myelosuppression, and inevitable drug resistance limit their clinical efficacy. Although the mechanism of action of Utidelone to increase the stability of microtubules is similar to that of taxane, their molecular structures, as well as their binding sites with tubulin are different. Moreover, Utidelone can also induce apoptosis by mechanisms such as inhibiting the phosphorylation of ERK1/2 and AKT, proteins that help cancer cells grow and survive, and downgrading the levels of Bcl-2, a protein that prevents cancer cells from dying. *in vitro* studies reveal that compared to paclitaxel, Utidelone demonstrates heightened efficacy in promoting the polymerization of tubulins and exhibits stronger activity. In addition, multidrug-resistant tumor cells are resistant to paclitaxel but still sensitive to Utidelone. The diagram below sets forth the binding sites of Paclitaxel and Epothilone[1]:



Construction of the M-loop of the microtubule β-subunit

PTX and Utidelone are bound in the "taxane pocket" of microtubule β-subunit

Note:

(1) PTX refers to paclitaxel, and EPO refers to epothilone.

Source: Company Data, Literature Review

Adverse Events

The adverse events listed on the drug label of Utidelone Injection include peripheral neuropathy, hematological toxicity, hepatotoxicity, and hypersensitivity. For details of the adverse events, please refer to "Competitive Advantages — safety profile, suitable for long-term use" and "Summary of Clinical Trial Results" in this section.

Market Opportunities and Competition

Breast cancer

Breast cancer is the most prevalent type of cancer in women worldwide. According to Frost & Sullivan, the incidence of breast cancer in China was approximately 365.1 thousand in 2023 and is projected to increase to approximately 421.9 thousand in 2030 at a CAGR of 2.1%.

As of May 31, 2024, NMPA had approved a total of eight microtubule inhibitor drugs for breast cancer, which could be divided into four categories, namely taxanes, epothilones, vinca alkaloids, and halichondrin B. The microtubule inhibitor drugs for advanced breast cancer in China mainly include Utidelone Injection, paclitaxel, paclitaxel liposome, paclitaxel albumin-bound, vinorelbine, and eribulin. As the development of innovative microtubule inhibitor drugs have proven to be challenging, most microtubule inhibitor drugs on the market were approved long time ago. In recent twenty years, except for Utidelone, only ixabepilone (2007) and eribulin (2010) have been lunched globally. According to literature clinical data for advanced breast cancer, the ORR of paclitaxel albumin-bound, ixabepilone and eribulin sourced from which was 21.4%, 11.5% and 11.5%, respectively; the median PFS of paclitaxel albumin-bound, ixabepilone and eribulin was 5.6 months, 3.1 months and 2.6 months, respectively; the median OS of paclitaxel albumin-bound, ixabepilone and eribulin was 15.1 months, 8.6 months and 9.0 months, respectively. Moreover, compared to docetaxel monotherapy, the combination of docetaxel with capecitabine does not achieve benefits in either PFS or OS (the ORR, median PFS and median OS of the combination therapy were 42.0%, 6.1 months and 14.5 months, respectively; the ORR, median PFS and median OS of the monotherapy were 30.0%, 4.2 months and 11.5 months, respectively). Similarly, in comparison to capecitabine monotherapy, the combination of ixabepilone with capecitabine also falls short in achieving benefits in OS (the ORR, median PFS and median OS of the combination therapy were 43.3%, 6.2 months and 16.4 months, respectively; the ORR, median PFS and median OS of the monotherapy were 28.8%, 4.4 months and 15.6 months, respectively).

The likelihood of developing brain metastases for aggressive breast cancer subtypes such as HER2+ and TNBC ranges from 14% to 38%. In the past, it was thought that macromolecular drugs, such as trastuzumab, could not cross blood-brain barrier, resulting in low intracranial drug concentrations and limited efficacy. As a result, local therapies such as surgery, stereotactic radiation therapy, and whole-brain radiation therapy are considered the gold standard. Nonetheless, the survival period for patients with breast cancer brain metastases remains short. The median survival period after being diagnosed with breast cancer brain metastasis is about 7.2 months, and for those with TNBC brain metastasis, it is around 3.5 months only. In addition, as of May 31,

2024, there had been no approved drug for the treatment of breast cancer brain metastasis. Consequently, there is an urgent demand for more effective treatments for patients with breast cancer brain metastases.

Neoadjuvant treatment for breast cancer can help patients in reducing distant recurrence, allowing patients to start systemic treatment earlier and reducing their tumor stages. Neoadjuvant treatment for HER2+ breast cancer typically involves a combination of chemotherapy and monoclonal antibodies (trastuzumab and pertuzumab). Neoadjuvant treatment for TNBC consists of chemotherapy or a combination of chemotherapy (paclitaxel, docetaxel, paclitaxel albumin, carboplatin, doxorubicin) or a combination of chemotherapy with monoclonal antibodies (pembrolizumab). For HR+ patients, chemotherapy (paclitaxel, docetaxel, paclitaxel albumin, doxorubicin) is the primary option for neoadjuvant treatment. For more information, see "Industry Overview — Selected Indication Analysis — Breast Cancer."

NSCLC

NSCLC is the most prevalent lung cancer and accounts for approximately 85% of all lung cancer cases. According to Frost & Sullivan, the incidence of NSCLC in China was approximately 926.6 thousand in 2023 and is projected to increase to approximately 1,099.9 thousand in 2030 at a CAGR of 2.5%.

As of May 31, 2024, NMPA had approved a total of six microtubule inhibitor drugs for NSCLC, which could be mainly divided into two categories, namely taxanes and vinca alkaloids, and Utidelone Injection was the only microtubule inhibitor drug candidate in phase III clinical trial for the treatment of NSCLC in China. Most microtubule inhibitor drugs have been approved for a long time, and there is an urgent need for new microtubule inhibitor drugs.

Approximately 20% of lung cancer patients are diagnosed with brain metastasis at their initial diagnosis. Among lung cancer patients with epidermal growth factor receptor mutations or anaplastic lymphoma kinase rearrangements, the incidence is higher, with up to 60% of patients developing brain metastasis during the course of their disease. However, the blood-brain barrier significantly limits the efficacy of existing therapies for patients with brain metastases. Targeted drugs and new chemotherapy drugs are being developed to prolong the survival periods of patients and improve their life quality. As of May 31, 2024, there had been no approved drug for the treatment of lung cancer brain metastasis in China. For more information, see "Industry Overview — Selected Indication Analysis — NSCLC."

Glioblastoma

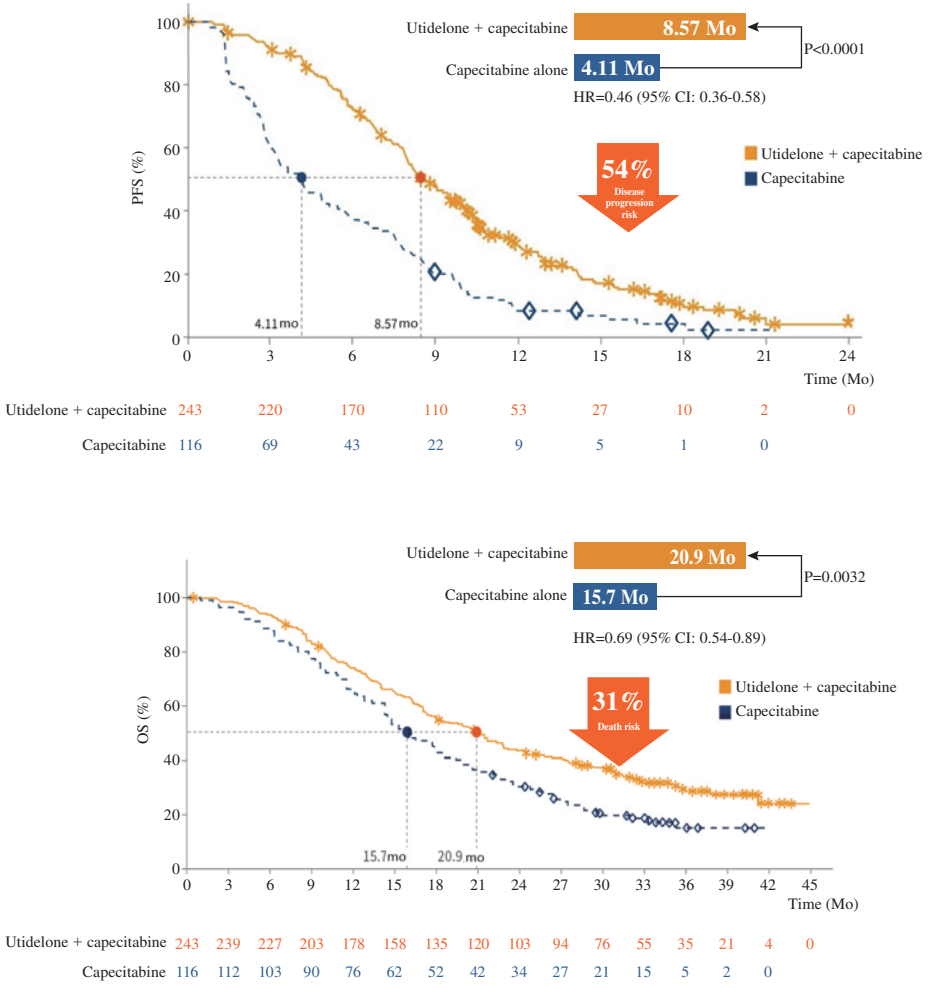
Glioblastoma is a type of cancer that starts as a growth of cells in the brain or spinal cord. Glioblastoma forms from cells called astrocytes that support nerve cells. According to Frost & Sullivan, the incidence of glioblastoma in China was approximately 43.7 thousand in 2023 and is projected to increase to approximately 52.5 thousand in 2030 at a CAGR of 2.7%.

Currently, there are some small molecule targeted drugs under development, but few treatment options are available. According to the CSCO guidelines, treatment options for advanced glioblastoma include surgery, chemoradiotherapy combined with temozolomide, and bevacizumab. For more information, see "Industry Overview — Selected Indication Analysis — Glioblastoma."

Competitive Advantages

(1) *strong anti-tumor activity*

The phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer demonstrates clear clinical efficacy in terms of statistics in the treatment of patients who have progressed after anthracycline- or taxane-containing chemotherapy regimen, especially when compared to capecitabine monotherapy:



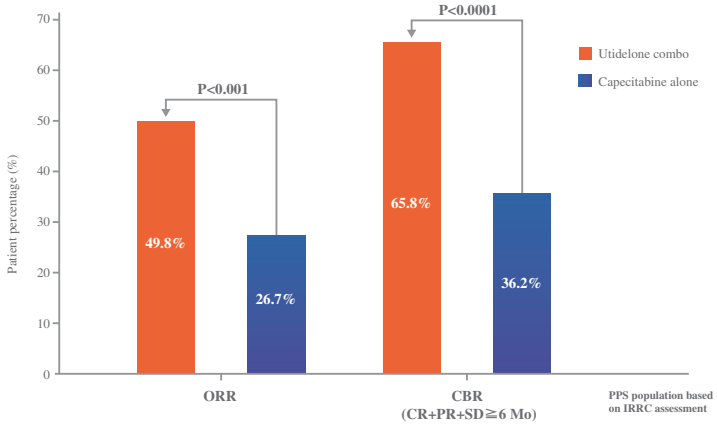
Source:

(1) B. Xu, T. Sun, Q. Zhang, et al. Annals of Oncology, 2021, 32(2): 218-228

(2) Pin Zhang, Tao Sun, Qingyuan Zhang, et al. Lancet Oncol 2017; 18: 371-83

The combination therapy's median PFS was 8.6 months compared to 4.1 months for the capecitabine monotherapy, representing a statistically significant 109% increase in median PFS, a 4.5-month absolute benefit, and a 54% reduction in the risk of progression. The combination therapy's median OS was 20.9 months compared to 15.7 months for the capecitabine monotherapy, representing a significant 33% increase in median OS, a 5.2-month absolute benefit, and a 31% reduction in the risk of death. The benefits in both PFS and OS indicate the long-lasting efficacy of the combination therapy, which could effectively extend patient survival.

Both Objective response rate (ORR) and clinical benefit rate (CBR) of Utidelone combo increase by nearly 100%

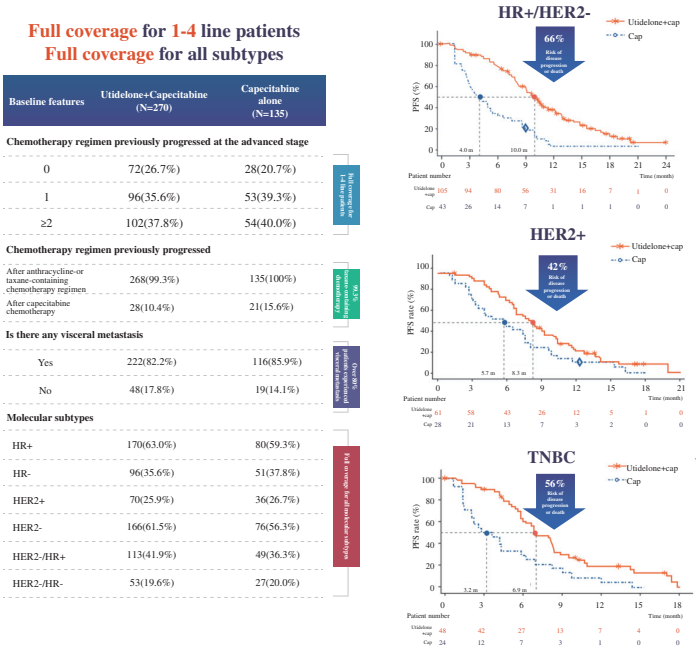


Source:

(1) B. Xu, T. Sun, Q. Zhang, et al. Annals of Oncology, 2021, 32(2): 218-228

(2) Pin Zhang, Tao Sun, Qingyuan Zhang, et al. Lancet Oncol 2017; 18: 371-83

The combination therapy's ORR was 49.8%, higher than 26.7% for the capecitabine monotherapy; the combination therapy's CBR was 65.8%, higher than 36.2% for the capecitabine monotherapy. The improvements in the ORR and CBR mean that the combination therapy could effectively alleviate the disease, enabling more patients to benefit from our product.



Full coverage for 1-4 line patients
Full coverage for all subtypes

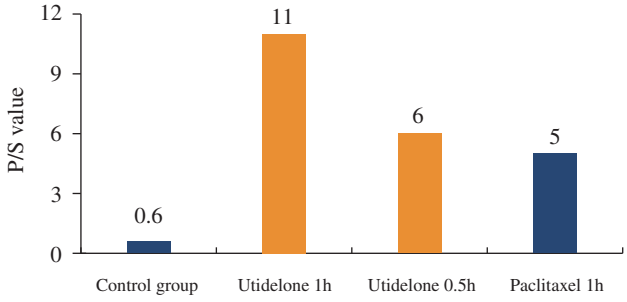
Baseline features	Utidelone+Capecitabine (N=270)	Capecitabine alone (N=135)
Chemotherapy regimen previously progressed at the advanced stage		
0	72(26.7%)	28(20.7%)
1	96(35.6%)	53(39.3%)
≥2	102(37.8%)	54(40.0%)
Chemotherapy regimen previously progressed		
After anthracycline-or taxane-containing chemotherapy regimen	268(99.3%)	135(100%)
After capecitabine chemotherapy	28(10.4%)	21(15.6%)
Is there any visceral metastasis		
Yes	222(82.2%)	116(85.9%)
No	48(17.8%)	19(14.1%)
Molecular subtypes		
HR+	170(63.0%)	80(59.3%)
HR-	96(35.6%)	51(37.8%)
HER2+	70(25.9%)	36(26.7%)
HER2-	166(61.5%)	76(56.3%)
HER2-/HR+	113(41.9%)	49(36.3%)
HER2-/HR-	53(19.6%)	27(20.0%)

Source: B. Xu, T. Sun, Q. Zhang, et al. Annals of Oncology, 2021, 32(2): 218-228

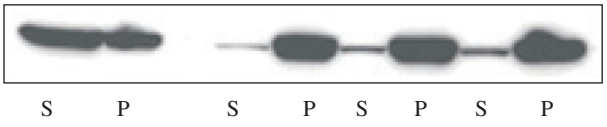
Clinical trials also indicate that Utidelone Injection, in combination with capecitabine, demonstrates comparable therapeutic effects across major subtypes of breast cancer in all treatment lines.

As of the Latest Practicable Date, although there had been no result for head-to-head comparison of Utidelone with taxane, based on their mechanisms of action and preclinical studies, Utidelone has demonstrated better anti-tumor activity than taxane.

In terms of the mechanism of action, although the mechanism of action of Utidelone to increase the stability of microtubules is similar to that of taxane, their molecular structures, their binding sites with tubulin, and their dynamics to promote tubulin polymerization are different. Moreover, Utidelone can also induce apoptosis by mechanisms such as inhibiting ERK1/2 and AKT phosphorylation, and downgrading Bcl-2 levels. For more information, see "— Core Product: Utidelone Injection — Drug Design and Mechanism of Action." The diagram below shows the P/S value of different groups after treating breast cancer cells MCF-7 with drugs:



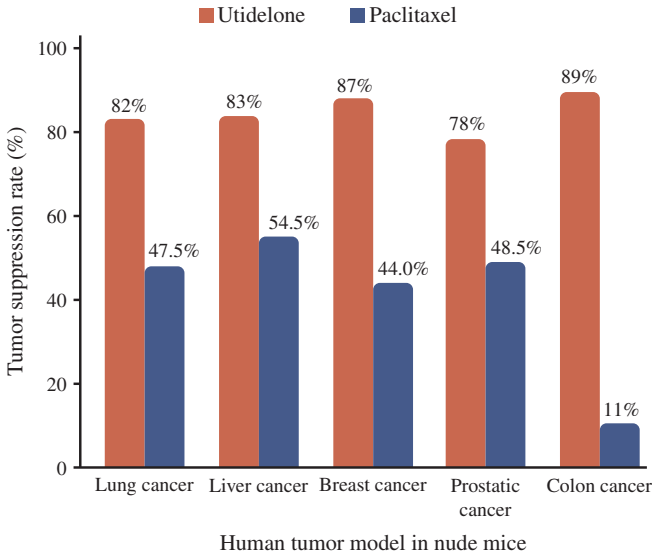
Immunoblotting illustration of breast cancer cells MCF-7 after drug treatment



Source: Company Data (NDA Material 4.2.1.2)

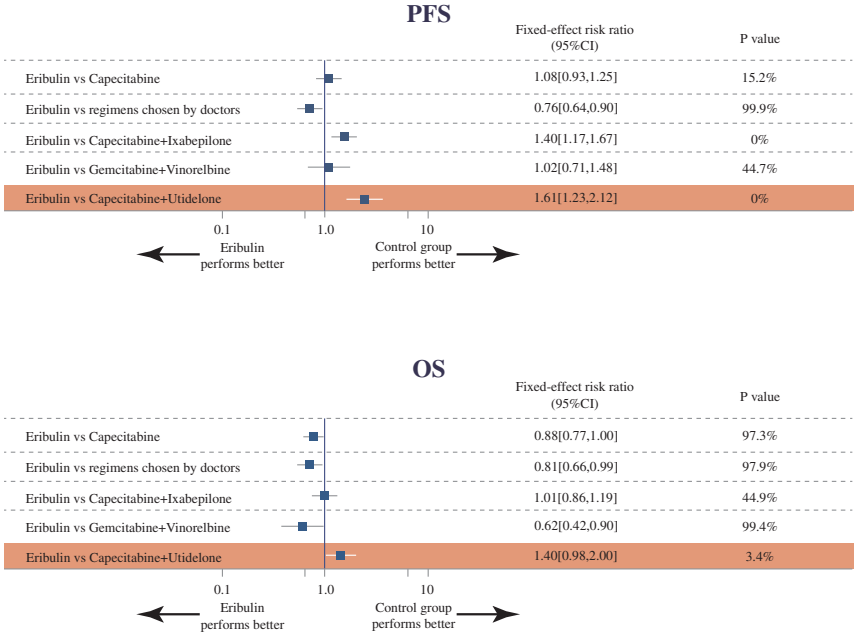
The P/S value is a metric utilized to compare the effects of microtubule stabilizers on tubulin polymerization, and a higher value indicates a better effect. After 30 minutes of treatment for cancer cells with Utidelone, the amount of polymerized tubulin increased 10-fold, and after one hour, it rose nearly 20-fold. In contrast, the amount of polymerized tubulin only increased 10-fold following one hour of paclitaxel treatment. The cell-based study demonstrated that Utidelone exhibited stronger ability to promote the polymerization of tubulin.

A preclinical *in vivo* pharmacodynamic study indicates that Utidelone has a strong anti-tumor activity on nude mouse human tumor xenograft models (including lung cancer A549, liver cancer HepG2, colon cancer HCT-15, breast cancer Bcap-37, and prostate cancer PC-3), among which colon cancer HCT-15 is an endogenous paclitaxel-resistant cell line, and the tumor growth inhibition index of paclitaxel is only 11%, while that of Utidelone reaches 89%. Additionally, the study also finds that Utidelone exhibits therapeutic effects on the mouse melanoma B16 model, with the tumor growth inhibition index of 82%, indicating that Utidelone has the potential to treat multiple cancers.



Source: Company Data (NDA Material 4.2.1.1)

As of the Latest Practicable Date, although there had been no result for head-to-head comparison of Utidelone with eribulin, vinorelbine, gemcitabine, and ixabepilone, a study published in the SCI journal BMC Cancer carried out a meta-analysis to compare the efficacy of eribulin with other chemotherapy regimens, demonstrating that only Utidelone combination therapy achieved clear benefits in both PFS and OS in terms of statistics. The comparison is set forth below:



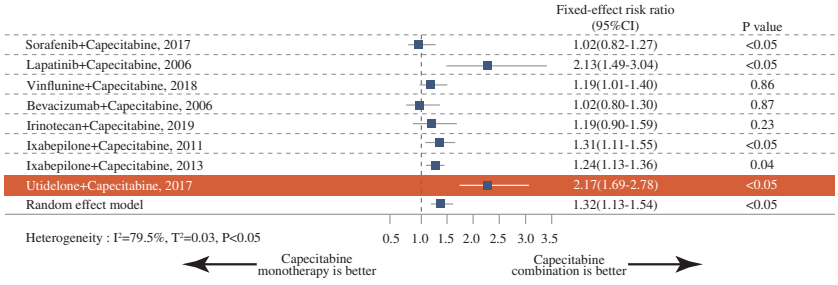
Source: Zhao et al. BMC Cancer (2021) 21:758

Note: No head-to-head comparison clinical study was conducted between drugs, except for the comparison between Utidelone in combination with capecitabine and capecitabine monotherapy. Clinical trials of a drug cannot be directly compared to the clinical trials of another drug and may not be representative of the overall data.

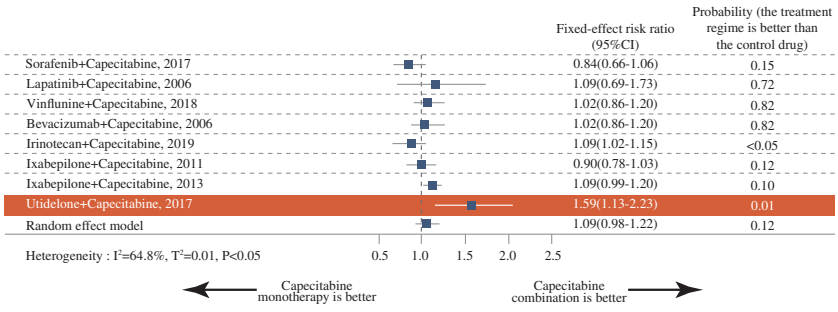
The fixed-effect risk ratio is a metric used to compare the efficacy of different treatment regimens. If the value is greater than one, it suggests that the control group's efficacy is more effective. Conversely, if the value is lesser than one, it indicates that eribulin is more effective. It is observed that among these chemotherapy regimens, the fixed-effect risk ratio of Utidelone combination therapy is significantly greater than one in terms of both PFS and OS, demonstrating Utidelone's better efficacy when compared to the above-mentioned treatments.

Another study published in Oncology Research and Treatment carried out a meta-analysis to compare the efficacy of capecitabine in combination with non-taxane drugs, including Utidelone and targeted drugs. The study indicated that among all combination regimens with capecitabine, only Utidelone, when compared to capecitabine monotherapy, achieved clear benefits in both PFS and OS in terms of statistics. The comparison is set forth below:

PFS



OS



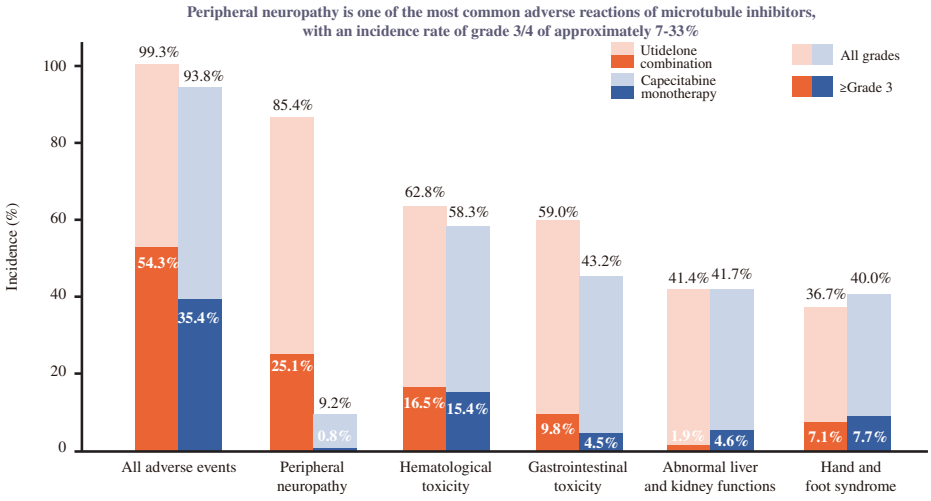
Source: Alsaloumi, Loual, et al. Oncol Res Treat 2020; 43:694-702

Note: No head-to-head comparison clinical study was conducted between drugs, except for the comparison between Utidelone in combination with capecitabine and capecitabine monotherapy. Clinical trials of a drug cannot be directly compared to the clinical trials of another drug and may not be representative of the overall data.

(2) *safety profile, suitable for long-term use*

Chemotherapy drugs kill tumor cells but also inadvertently damage normal tissues and organs, resulting in various types of toxicities, such as hematological toxicity, gastrointestinal toxicity, hepatorenal toxicity, and peripheral neuropathy. Hematological toxicity often leads to myelosuppression, manifesting as neutropenia, leukopenia, and eosinopenia.

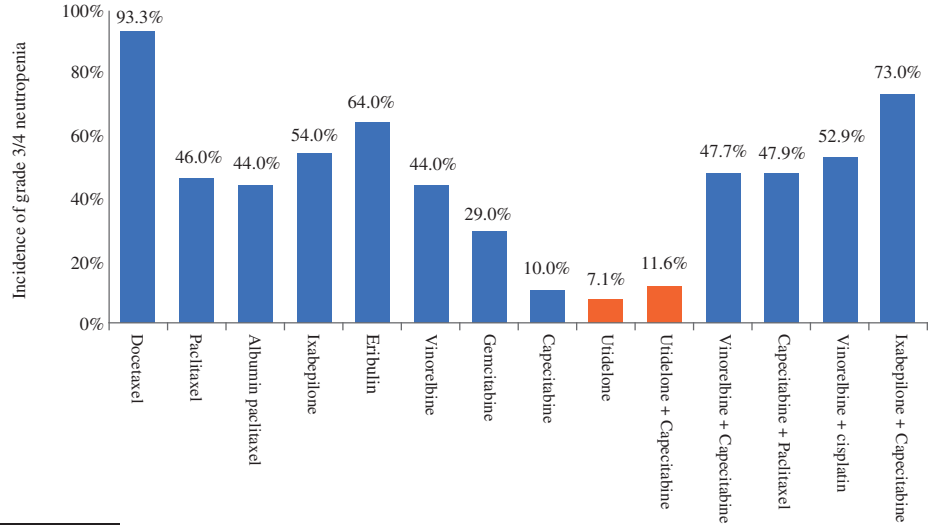
The phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer demonstrated that, compared to capecitabine monotherapy which already demonstrated good safety profile, the hematological toxicity did not increase, and the gastrointestinal and hepatorenal toxicities were mild. In this trial, the major adverse reaction was peripheral neuropathy, but no patient experienced grade four peripheral neurotoxicity, and 95.5% of the patients could quickly recover to grade zero or one, with a median recovery time of 3.1 weeks. In addition, no treatment-related death occurred during the trial, indicating the good safety profile of the combination therapy. The adverse events and incidence of Utidelone Injection in combination with capecitabine are set forth in the following table:



Source:

B. Xu, T. Sun, Q. Zhang, et al. Annals of Oncology, 2021, 32(2): 218-228

Supported by published studies, the non-head-to-head comparison of incidence of grade 3/4 neutropenia between Utidelone's monotherapy or combination therapy and other chemotherapy is set forth below:



Source:

(1) Zhang et al. Journal of Hematology & Oncology (2016) 9:68

(2) Pin Zhang, Tao Sun, Qingyuan Zhang, et al. Lancet Oncol 2017; 18: 371-83

(3) Jones SE, et al. J Clin Oncol. 2005 Aug 20;23(24):5542-51

(4) Gradishar WJ. et al. J Clin Oncol. 2005 Nov 1;23(31):7794-803

(5) Thomas ES, et al. J Clin Oncol. 2007 Nov 20;25(33):5210-7

(6) Kaufman PA, et al J Clin Oncol. 2015

(7) Albain KS, et al. J Clin Oncol. 2008 Aug 20;26(24):3950-7

(8) Wang J, et al. Cancer. 2015 Oct 1;121(19):3412-21

(9) Li M, et al. Medicine (Baltimore). 2015 Oct;94(43):e1928

Note: No head-to-head comparison clinical study was conducted between drugs, except for the comparison between Utidelone in combination with capecitabine and capecitabine monotherapy. Clinical trials of a drug cannot be directly compared to the clinical trials of another drug and may not be representative of the overall data.

In terms of grade 3/4 neutropenia, the incidences of Utidelone monotherapy and combination therapy were 7.1%, and 11.6%, respectively, lower than other treatments, except capecitabine monotherapy, demonstrating a unique advantage in low hematological toxicity.

The adverse events associated with cancer treatment impact the quality of life of patients (for example, myelosuppression, in particular, would weaken patients' immune systems, cause complications such as severe infection and death) and lead to higher treatment costs. Patients need prolonged use of antibiotics and a type of medicine called granulocyte colony-stimulating factors (G-CSFs) to manage toxicities. These medications are necessary to fight off infections and boost the immune system. However, the use of them carries their own risks. For example, such use can lead to antibiotic resistance, where bacteria evolve to resist the effects of these drugs, making future infections harder to treat. Additionally, antibiotics can disrupt the natural balance of the gut microbiome, leading to digestive issues. They might also cause allergic reactions in some individuals. These side effects underscore the importance of careful antibiotic management in medical treatments. The following table compares eribulin and Utidelone in combination with capecitabine in terms of annual treatment costs and adverse event treatment costs:

Regimen	**Annual treatment costs[(1)]**	**Annual treatment costs for adverse events[(1)(2)]**
	(RMB)	*(RMB)*
Utidelone in combination with capecitabine	36,320	5,513.7
Eribulin	33,594	17,063.1

Notes:

(1) Measured over eight cycles of treatment for one patient.

(2) The annual treatment costs for adverse events are calculated by multiplying (i) percentage requiring intervention, (ii) costs per treatment, (iii) incidence of adverse events, and (iv) eight cycles.

Source: Cost Effectiveness Analysis Report of Utidelone Injection from IQVIA

In summary, Utidelone in combination with capecitabine exhibits lower hematologic toxicity compared to other chemotherapy drugs, as evidenced by clinical trial data, literature review, and cost analysis. This regimen is recognized for its safety profile and cost-effectiveness in managing adverse events, presenting an economically viable long-term treatment option.

(3) *broad-spectrum anti-tumor activity*

Chemotherapy is one of the primary means of treating tumors. Although chemotherapy drugs may initially be developed for particular tumors, they are often effective in the treatment of other tumors due to the common characteristics of tumors. In comparison, although targeted therapy and immunotherapy only show favorable efficacy in treating cancer patients with high expression of particular targets, their applicability is limited to these patients.

Preclinical *in vitro* cytotoxic activity study indicates that Utidelone has good anti-tumor activity against more than a dozen human tumor cell lines, such as breast cancer, glioblastoma, NSCLC, colon cancer, liver cancer, prostate cancer, and T-cell leukemia. A preclinical *in vivo* pharmacodynamic study also indicates that Utidelone has the potential to treat multiple cancers. For more information, see "— Core Product: Utidelone Injection — Competitive Advantages — strong anti-tumor activity."

As of the Latest Practicable Date, we had observed definite efficacy results in clinical trials of Utidelone Injection monotherapy or combination therapy for the treatments of advanced breast cancer, advanced NSCLC, advanced gastric and esophageal cancers, gynecological cancer, soft tissue sarcoma, pancreatic cancer, and prostatic cancer etc. We have also obtained positive efficacy signals in the clinical trial of Utidelone Capsule monotherapy for the treatment of a range of cancers including breast, ovarian, prostate, testicular, lung, and pancreatic cancers.

(4) *effective for multidrug-resistant tumor cells and less prone to develop drug resistance*

According to the nude mouse human tumor xenograft models mentioned above, colon cancer HCT-15 is an endogenous paclitaxel-resistant cell line, and the tumor growth inhibition index of paclitaxel is only 11%, while that of Utidelone reaches 89%.

Preclinical *in vitro* cytotoxic activity study also indicates that Utidelone could inhibit the growth of multidrug-resistant tumor cells which are resistant to paclitaxel. The following table sets forth the IC50 of Utidelone for multidrug-resistant tumor cells:

Cell line	Multidrug-resistant tumor cell	IC50±SD (nM)[1]
NCI/ADR-Res	Breast cancer (paclitaxel-resistant)	12±2
LS1034	Colon cancer (paclitaxel-resistant)	8±2
HCT-15	Colon cancer (paclitaxel-resistant)	15±2
HL60/MX2	Promyelocytic leukemia (paclitaxel-resistant)	10±1
CCRF-CEM/C2	T-cell leukemia (paclitaxel-resistant)	11±2

Note:

(1) IC50 refers to the half maximal inhibitory concentration, and the lower this value, the more sensitive the tumor cells are to the drugs.

Source: Company Data (NDA Material 4.2.1.2)

When chemotherapy is used to treat cancer, it can cause tumor cells to produce more of a protein called P-glycoprotein. This protein acts like a pump, pushing anti-tumor drugs out of the tumor cells. As a result, the drugs become less effective because they can not stay inside the cells long enough to kill them, and various anti-tumor drugs could be pumped out, such as anthracycline, vinblastine, taxane, and eribulin. However, Utidelone is not a P-glycoprotein substrate and does not bind to the P-glycoprotein on the tumor cell membrane. Therefore, Utidelone will not be pumped out from the cells and has a lower risk of cross-resistance. Additionally, given that the molecular structures and binding sites of Utidelone and paclitaxel with tubulin are different, even if tubulin mutates, Utidelone remains unaffected and continues to exhibit anti-tumor effects.

Moreover, through long-term drug treatment and serial passage trial on sensitive tumor cells, investigators found that the cells developed resistance to paclitaxel but remained sensitive to epothilone, indicating that epothilone is less prone to induce resistance. According to Frost & Sullivan, the clinical treatment cycle of taxane generally ranges from four to six cycles.

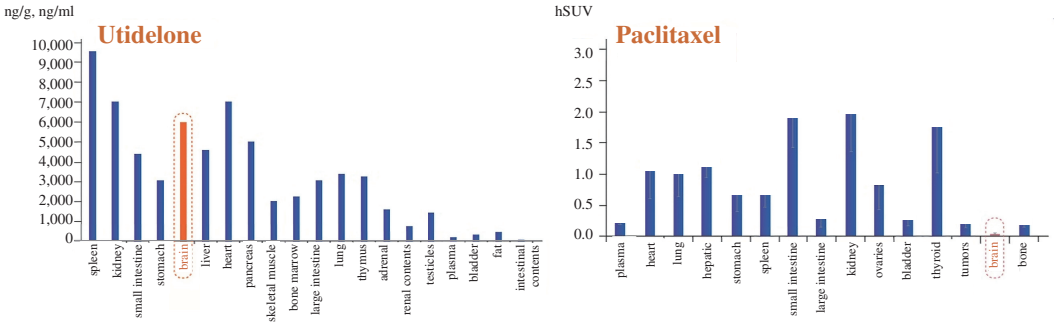
In contrast, in the phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer, all patients had received anthracycline- or taxane-containing chemotherapy regimens before, and the combination therapy was still effective and exhibited a longer treatment cycle. Among 267 patients from the combination group, nearly 60% underwent at least six cycles of treatment, approximately 30% underwent at least eight cycles, and approximately 10% underwent at least 12 cycles.

(5) *cross blood-brain barrier, with great potential for preventing and treating brain metastasis*

Brain metastasis is a significant challenge in cancer treatment, as P-glycoprotein in endothelial cells prevents drugs from crossing blood-brain barrier. Additionally, a majority of molecules larger than 500Da and small molecules cannot cross the barrier, making brain metastasis virtually untreatable. Normal dosages of taxane and eribulin are unable to reach effective concentrations in

brain tissues, hence they are ineffective in crossing the blood-brain barrier. However, due to its unique physicochemical characteristic and being a non-P-glycoprotein substrate, Utidelone can cross the blood-brain barrier. Preclinical animal studies indicate that Utidelone are widely distributed in various tissues and organs of rats, such as brain, stomach, and liver. 24 hours after injection, the concentration of the ingredient in most tissues and organs, including brain, remains significantly higher than that in blood plasma, demonstrating Utidelone's potential in treating various solid tumors and its ability to cross blood-brain barrier. In contrast, the distribution of paclitaxel in brain is limited. Based upon third-party research report and published study, the comparison is set forth below:

High brain tissue drug concentrations of Utidelone compared with Paclitaxel

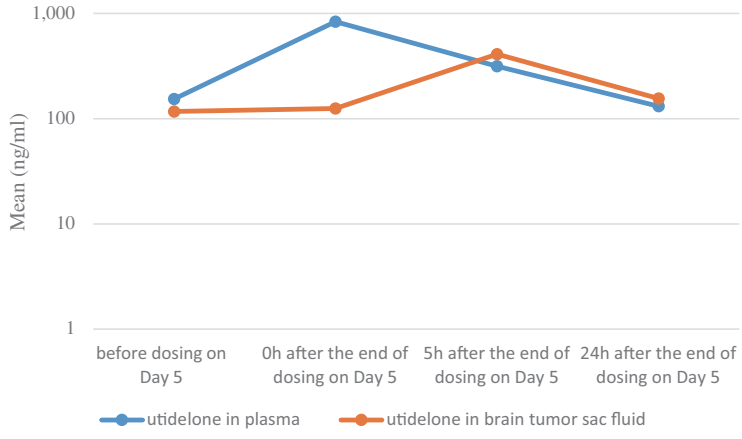


Source:

(1) Research report issued by third-party institution

(2) Gangloff A, et al. J Nucl Med. 2005 Nov; 46(11):1866-71

Furthermore, we performed a test to determine the concentration of Utidelone in plasma and brain tumor sac fluid from a patient with breast cancer brain metastasis, which suggested that Utidelone can penetrate the blood-brain barrier into brain. The following chart shows the concentration of Utidelone in plasma and brain tumor sac fluid:



Source: IIT Data (Our Company's ODD Application Material)

According to Frost & Sullivan, as of the Latest Practicable Date, there had been no drug approved in China for the treatment of brain metastases from breast and lung cancers. However, since the launch of Utidelone Injection, there have been many cases observed where advanced breast cancer patients with brain metastases experienced a reduction in brain tumor size after treatment with Utidelone. Additionally, investigator-initiated trials have confirmed that Utidelone can cross the blood-brain barrier, demonstrating potential in preventing and treating brain metastases. The phase II clinical trial of Utidelone Injection in combination with etoposide and bevacizumab for HER2-breast cancer patients with brain metastases showed promising CNS-ORR and CNS-CBR, 73% and 91%, respectively. In addition, according to a phase II clinical trial of Utidelone Injection in combination with bevacizumab for the treatment of the treatment of HER2-breast cancer brain metastasis, 46 HER2-patients showed a CNS-ORR of 43.5%, a median PFS of 7.7 months, and a 12-month OS rate of 74.4%. In view of our great potential in the prevention and treatment of brain metastases, we are also actively conducting clinical trials. As of the Latest Practicable Date, a phase II clinical trial for lung cancer brain metastasis was granted the IND approval in China, and an orphan drug designation for breast cancer brain metastasis had been granted to us in the United States. At the same time, we are preparing for the IND applications for glioblastoma in both China and the United States.

(6) *environmentally friendly production process and not constrained by natural resources*

The production process of chemotherapy drugs, such as eribulin and taxanes, typically involves either chemical synthesis or semi-chemical synthesis approach. However, the harsh conditions required for chemical reactions often result in the production of various toxic substances, leading to serious environmental pollution. Biosynthesis, which uses bacteria or cells to produce chemotherapy drugs, offers a mild reaction environment, simple and quick steps, and is environmentally friendly. It effectively addresses many of the shortcomings of chemical synthesis. Additionally, the scarcity of yew trees, the primary source of taxane drugs, limits the production of taxane drugs and hinders the overall development of the industry.

Leveraging synthetic biology technology, we have developed high-yield genetical engineering bacteria, enabling large-scale microbial fermentation production without the need for extensive plant harvesting and extraction like paclitaxel. This technology has helped our company overcome technical challenges that limit industrialization, such as low fermentation yield of epothilone, unstable production, numerous by-products, and difficult downstream purification processes involving the culture medium. We have achieved high efficiency and stable production at an industrial fermentation scale, significantly reducing hazardous waste production, and offering good environmental and economic benefits. As environmental regulations in the pharmaceutical industry become stricter, we expect to gain a notable competitive advantage with our advanced production processes.

Summary of Clinical Trial Results

The following table sets forth the key details of our completed clinical trials of Utidelone Injection:

Name of Trial	Primary Eligibility Criteria & Design	Number of trial sites	Number of enrolled patients	Timeframe	Efficacy	Safety and Major TRAE
Phase I clinical trial of Utidelone Injection for advanced solid tumors	**Primary eligibility criteria:** • Patients with advanced solid tumor, for whom there are currently no effective conventional treatment or those who have failed the conventional treatment or experienced relapse • A single-center, non-controlled trial for evaluation of the tolerability of the single administration dose-escalation of Utidelone Injection (UTD1) • Six doses 25, 50, 85, 125, 170 and 225 mg/m^2 Utidelone Injection administered every three weeks **Primary endpoints:** • MTD and DLT • Pharmacokinetic profile • Recommended dose for phase II	1	21	October 2007 – August 2008	• MTD was 170 mg/m^2, DLT was ataxia, DLT dose was 225 mg/m^2 • 18 patients were evaluable for efficacy with an outcome of 8 SD and 10 PD • The recommended dose was 170 mg/m^2 for phase II clinical dose • Linear pharmacokinetics along the range of dose tested	• Most frequently reported TRAEs were grade 1 or 2 • Grade 3 AEs were observed 2 for vomiting and insomnia, one grade 4 for gamma-glutamyl transferase increase • No SAEs or deaths that were attributed to the study treatment
Phase Ib clinical trial of Utidelone Injection for advanced solid tumors	**Primary eligibility criteria:** • Patients with advanced solid tumor, for whom there are currently no effective conventional treatment or those who have failed the conventional treatment or experienced relapse • A single-center, non-controlled, dose escalating trial with UTD1 administered once daily for 5 consecutive days; Three doses (35, 40, 45mg/m^2/day) were tested **Primary endpoints:** • Preliminarily efficacy • Recommended dose for phase II clinical trial	1	15	August 2008 – November 2009	• The MTD was 40 mg/m^2/day • The DLT was peripheral neurotoxicity, the DLT dose was 45 mg/m^2/day • Among the 13 evaluable cases, three patients had PR, seven patients had SD, and three patients had PD	• Grade 3 AEs were observed 7 for PN, 3 for muscle/joint pain and one grade 4 for gamma-glutamyl transferase increase • No Grade 4 hematological toxicity was observed • No SAEs or deaths occurred that were attributed to the study treatment
Phase I/II clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer	**Primary eligibility criteria:** • Patients with metastatic or locally advanced breast cancer previously treated with one taxane and/or anthracycline • A multi-center, non-controlled trial of UTD1 administered intravenously once daily for 5 days in combination with capecitabine • Three doses (25, 30 & 35 mg/m^2, days 1–5) plus capecitabine (1,000 mg/m^2 p.d bid, days 1–14) **Primary endpoint:** • ORR **Secondary endpoints:** • PFS and Safety	3	33	July 2012 – June 2014	• 32 patients were evaluable for efficacy, one had CR, 13 had PR, 15 had SD, and three had PD; the ORR was 43.8%; the median PFS was 7.9 months	• Most of the AEs were grade 1 or 2, and were manageable and reversible • The major AE associated with UTD1 was PN and hand-foot syndrome (HFS). Grade 3 PN and HFS was reported in 15 patients and was manageable • Myelosuppression was mild, with only 2 had Grade 3 neutrophil decrease • No SAEs or deaths occurred that were attributed to the study
Phase II clinical trial of Utidelone Injection monotherapy for advanced breast cancer	**Primary eligibility criteria:** • Patients with metastatic or locally advanced breast cancer previously treated with one taxane and/or anthracycline • An open-label, non-controlled, two-stage, multi-center trial with UTD1 monotherapy administered intravenously once daily for 5 days • 40 mg/m^2 days 1–5 every 3 weeks **Primary endpoint:** • ORR **Secondary endpoints:** • PFS and Safety	8	70	July 2012 – October 2014	• 63 patients were evaluable for efficacy; the ORR was 28.6%; the median PFS was 5.4 months; the median OS was 21.2 months	• Most of the AEs were grade 1 or 2, and were manageable and reversible • 6 patients experiencing grade 3 PN (8.6%). The median time to recovery was within 18 days • 2 SAEs were attributed to the study

Name of Trial	Primary Eligibility Criteria & Design	Number of trial sites	Number of enrolled patients	Timeframe	Efficacy	Safety and Major TRAE
Phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer	**Primary eligibility criteria:** • Patients with metastatic or locally advanced breast cancer previously treated with one taxane and/or anthracycline • A multi-center, randomized controlled trial comparing UTD1 plus capecitabine with capecitabine alone • 405 patients were randomised 2:1 to receive utidelone (30 mg/m^2 IV daily, days 1–5) plus capecitabine (1,000 mg/m^2 bid, days 1–14) or capecitabine alone (1,250 mg/m^2 bid, days 1–14) every 21 days **Primary endpoint:** • PFS **Secondary endpoints:** • ORR, OS, and Safety	26	405	June 2014 – September 2016	• The median PFS of the combination therapy 8.6 months vs 4.1 months for capecitabine, (HR=0.46, p<0.0001) • The median OS of the combination therapy 20.9 months vs 15.7 months for capecitabine (HR=0.69, p=0.0032) • The ORR of the combination therapy significantly increased from 21.5% to 40.4%	• Utidelone-related toxicities were generally mild to moderate and considered clinically manageable • The most common grade 3 AE associated with utidelone was peripheral neuropathy, 25% • The grade 3/4 TRAE 53.6% in combination vs 35.4% in the capecitabine • SAE in combination vs in the capecitabine was 19 (7.1%) vs 14 (10.8%) • Treatment related SAE in combination vs in the capecitabine was 11 (4.1%) vs 9 (6.9%)
Phase II clinical trial of Utidelone Injection for advanced NSCLC	**Primary eligibility criteria:** • Patients with NSCLC, ineligible for surgery or chemoradiotherapy, or failed or intolerant to standard of care including platinum-based chemotherapy or targeted therapy • An open-label, multi-center trial of UTD1 monotherapy for non-small cell lung cancer (NSCLC) • Dose Utidelone Injection 40 mg/m^2, days 1–5 **Primary endpoint:** • ORR **Secondary endpoints:** • PFS, OS, and safety	4	26	April 2019 – August 2021	• 21 patients were evaluable for efficacy; the ORR was 19.0%; the DCR was 81.0%; the median PFS was 4.4 months; the 12-month survival rate was 71.0%	• Most of the AEs were grade 1 or 2, and were manageable and reversible • Grade 3 PN was 23.1% • SAE in two patients (7.7%) was UTD1 related, and one is PN • No TRAE-related deaths

Set forth below is a summary of completed and ongoing clinical trials of Utidelone Injection, which are solely sponsored by our Company.

Phase I clinical trial of Utidelone Injection for advanced solid tumors

Overview. Our Company conducted a phase I clinical trial of Utidelone Injection monotherapy for advanced solid tumors. Its primary objective was to explore the MTD and DLT of Utidelone Injection when administered intravenously, observe its pharmacokinetic characteristics, preliminarily assess its anti-tumor efficacy, and recommend a safe dosage for phase II clinical trial.

Trial design. It was a single-center, open-label, non-controlled trial for evaluation of the tolerability of the single administration dose-escalation of Utidelone Injection. Each dose group included "three plus three" subjects, following an incremental dose per the modified Fibonacci sequence. The initial study period was one treatment cycle, with a subsequent period of up to six cycles. Its primary endpoints included the MTD, DLT, and pharmacokinetic characteristics, and its secondary endpoints comprised the ORR and safety profile.

Trial status. We commenced the trial in October 2007 and completed it in August 2008, enrolling a total of 21 patients. Of the total 21 enrolled patients, this trial comprised 10 cases of breast cancer, four cases of NSCLC, two cases of malignant melanoma, and one case each of colon cancer, tongue base submaxillary gland cancer, primitive neuroectodermal tumor, scapular small cell malignant tumor, and leaf-like sarcoma.

Safety data. A clear correlation was shown between doses and the severity of related adverse reactions, namely, that more severe adverse events were observed with increased doses. Adverse reactions included temporary, manageable, mild to moderate gastrointestinal symptoms, such as anorexia, nausea, vomiting, diarrhea, peripheral neurotoxicity (sensory abnormality, numbness, and pain), muscle and joint pain, and systemic fatigue. No severe myelosuppression was observed, and no drug-related severe adverse event occurred.

Efficacy data. The trial indicated that the MTD of Utidelone Injection administered every three weeks was 170mg/m^2, with dose-limiting toxicity resulting in ataxia, leading to a DLT dose of 225mg/m^2. Among these patients, 18 patients (85.7%) completed two to six treatment cycles of six dose groups, and these cases were evaluable for efficacy, of which eight patients (44.4%) had SD, 10 patients (55.6%) had PD, while three female patients received only one treatment cycle, precluding efficacy evaluation. The recommended phase II clinical dose for this regimen was 170mg/m^2.

Phase Ib clinical trial of Utidelone Injection for advanced solid tumors

Overview. Our Company conducted a phase Ib clinical trial of Utidelone Injection monotherapy for advanced solid tumors, which served as a supplementary study to the single administration clinical trial. Its objective was to observe and determine the MTD of Utidelone Injection when administered once daily for five consecutive days, and to recommend the optimal regimen and dosage for phase II clinical trial.

Trial design. It was a single-center, open-label, non-controlled trial with a consecutive administration approach. Its primary endpoints included the MTD of Utidelone Injection after multiple administrations in humans and its pharmacokinetic characteristics, and its secondary endpoint was the ORR.

Trial status. We commenced the trial in August 2008 and completed it in November 2009, enrolling a total of 15 advanced breast cancer patients.

Safety data. A clear correlation was shown between doses and the severity of related adverse reactions. No drug-related severe adverse events occurred. Common adverse events included temporary, manageable, mild to moderate peripheral neurotoxicity (sensory abnormalities, numbness), gastrointestinal reactions (loss of appetite, diarrhea, and vomiting), muscle and joint pain, hair loss, systemic fatigue, dizziness, and insomnia. Additionally, some patients experienced mild and temporary reductions in white blood cells or neutrophils.

Efficacy data. The enrolled patients were treated with Utidelone Injection across three dose groups (doses of: 35, 40, 45mg/m^2/day). The trial indicated that the MTD was 40mg/m^2/day. Among these patients, 13 patients (86.7%) could undergo two treatment cycles for efficacy evaluation, while two patients received only one treatment cycle, precluding efficacy evaluation. Among the 13 evaluable cases, three patients had PR, seven patients had SD, and three patients had PD.

Phase I/II clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer

Overview. Its primary objective was to evaluate the safety profile and ORR of Utidelone Injection in combination with capecitabine for treating metastatic or locally advanced breast cancer patients who had previously received anthracycline and taxane treatments, so as to determine the recommended dose for phase III clinical trial.

Trial design. It was a multi-center, open-label, non-controlled trial of Utidelone in combination with capecitabine with a consecutive administration approach. Its primary endpoint was the ORR, with the secondary endpoints being the PFS and safety profile. The trial was conducted in two stages. The first stage involved a dose-exploratory study with three dose groups combined with capecitabine to observe tolerability and synergy. The first stage also involved a preliminary pharmacokinetic study of the combination in the first treatment cycle to determine the recommended dose for the second stage. The second stage, based on the results of the first stage, continued enrolling patients for subsequent studies of clinical efficacy and safety profile.

Trial status. We commenced the trial in July 2012 and completed it in June 2014, enrolling a total of 33 eligible patients with advanced breast cancers.

Safety data. During the trial, there was no occurrence of deaths or severe adverse events. Peripheral neurotoxicity (extremity numbness) and hand and foot syndrome (red and painful extremity) were relatively common adverse events. Other common toxicities, expectable for cytotoxic drugs, included gastrointestinal toxicity (diarrhea, vomiting), muscle and joint pain, fatigue, weakness, and hair loss, mostly in grade one or two and clinically manageable.

Efficacy data. One patient exited the trial before completing one treatment cycle. 32 patients were evaluable for efficacy, among whom one patient had CR, 13 patients had PR, 15 patients had SD, and three patients had PD. The ORR was 43.8%, and the median PFS was 7.9.

Phase II clinical trial of Utidelone Injection monotherapy for advanced breast cancer

Overview. Its primary objective was to evaluate the efficacy of Utidelone Injection monotherapy for treating advanced breast cancer patients who had progressed after anthracycline antibiotic, taxane, or capecitabine treatments.

Trial design. It was an open-label, non-controlled, multi-center trial, which was conducted in two stages, with the primary endpoint being the ORR and the secondary endpoints being the PFS and safety profile.

Trial status. We commenced the trial in July 2012 and completed it in October 2014, with a total of eight research centers participating. This trial enrolled 70 metastatic or locally advanced breast cancer patients who were resistant to anthracycline, taxane, or capecitabine. The first stage compared two treatment regimens of Utidelone, namely single administration and consecutive administration, to evaluate their efficacy and safety profiles.

Safety data. Among the 70 patients in the consecutive administration group, six patients (8.6%) presented grade three peripheral neurotoxicity (extremity numbness). Median recovery time to grade one or better status was within three weeks through reducing dosage, extending administration intervals, use of neuromodulating drugs, or termination of dosing. Other common adverse events included mild to moderate muscle and joint pain, gastrointestinal reactions (loss of appetite, diarrhea, vomiting), fatigue, dizziness, and hair loss, mostly in grade one or two and easily manageable. No severe adverse event occurred.

Efficacy data. Among the 70 patients in the consecutive administration group, the ORR was 28.6%, the median PFS was 5.4 months, and the median OS was 21.2 months.

Phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer

Overview. We concurrently conducted the phase II clinical trial of Utidelone Injection monotherapy and the phase I/II clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer, aiming to demonstrate Utidelone's efficacy and safety profile for this indication. Based on the trial results stated above, both Utidelone Injection monotherapy and the combination of Utidelone Injection with capecitabine have shown well-established clinical efficacy and safety profiles. Nevertheless, the combination therapy is more advantageous in terms of patient benefit. Additionally, in terms of clinical application, the combination therapy is suitable for first-line and subsequent treatments, whereas Utidelone monotherapy is for second-line and subsequent treatments post-capecitabine, indicating that the advancement of the combination therapy presents greater market opportunities, thereby prompting us to proceed with the phase III combination trial instead of a phase III clinical trial of Utidelone Injection monotherapy. The trial's primary objective was to evaluate the clinical efficacy of Utidelone Injection in combination with capecitabine compared to capecitabine monotherapy for treating relapsed advanced breast cancer patients previously treated with but resistant to anthracycline and taxane.

Trial design. It was a multi-center, randomized controlled trial, with the primary endpoint being the PFS and the secondary endpoints being OS, ORR, and safety profile. The PFS analysis was based on tumor assessment results by the independent imaging review committee.

Trial status. We commenced the trial in June 2014 and completed it in September 2016 across 26 clinical trial centers in China, enrolling a total of 405 patients. 270 patients were randomly allocated to the Utidelone plus capecitabine combination therapy group, and 135 patients were allocated to the capecitabine monotherapy group. All patients were included in the full analysis set.

Safety data. Utidelone exhibited lower hematological, hepatic and renal toxicity in patients. According to the results of the clinical trial, compared to the monotherapy, apart from peripheral neurotoxicity, the combination therapy showed lower incidence rates of adverse events in blood, liver, kidney, and digestive systems. In the combination therapy group, 25.1% of the patients experienced grade three peripheral neurotoxicity, with no occurrence of grade four. Approximately 95.5% of the patients could recover, with a median recovery time of 3.1 weeks. Other adverse

reactions of the combination therapy included digestive system toxicity (25.5% diarrhea, 18.0% vomiting), fatigue (25.1%), and hair loss (20.2%), mostly in grade one or two and easily manageable.

Efficacy data. Utidelone Injection in combination with capecitabine demonstrated heightened efficacy for the patients we enrolled. Compared to the monotherapy, the combination therapy showed clear improvements in primary and secondary efficacy endpoints in terms of statistics, substantially enhancing clinical benefits, and extending survival for relapsed or metastatic breast cancer patients, reducing the risk of disease progression and death. Based on the per-protocol set, the combination therapy exhibited an ORR of 49.8%, which was higher than the monotherapy's ORR of 26.7%. The median PFS of the combination therapy extended from 4.1 months to 8.6 months (95% CI 7.92–9.49), reducing the risk of disease progression by 54% (HR=0.46, 95% CI 0.36–0.58, p<0.0001). The median OS of the combination therapy extended from 15.7 months to 20.9 months (95% CI 17.81–22.74), reducing the risk of death by 31% (HR=0.69, 95% CI 0.54–0.89, p=0.0032).

Phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant

Overview. Its primary objective is to evaluate the efficacy and safety profile of Utidelone Injection in combination with AC chemotherapy regimen, when compared to docetaxel in combination with AC chemotherapy regimen, in the neoadjuvant treatment for HER2-early-stage high-risk or locally advanced breast cancer patients.

Trial design. It is an open-label, randomized controlled trial. Its primary endpoint is the total pathologic complete response rate, with the secondary endpoints including the breast pathologic complete response rate, ORR, three-year EFS, and safety profile. The trial enrolls 552 patients, with 276 patients in each of the test group and the control group. The treatment period consists of 6 chemotherapy cycles: the patients in the test group receive Utidelone Injection at 30mg/m^2 intravenously once daily for the first five days of each cycle, while they receive doxorubicin at 50mg/m^2 and cyclophosphamide at 500mg/m^2 intravenously once on the first day of each 21-day cycle (six cycles in total). The patients in the control group receive docetaxel at 75mg/m^2, doxorubicin at 50mg/m^2, and cyclophosphamide at 500mg/m^2 intravenously once on the first day of each 21-day cycle (six cycles in total). Following the completion of six cycles of neoadjuvant treatment, all eligible patients would undergo surgical treatment.

Trial status. We commenced the trial in May 2023, and as of May 31, 2024, 178 patients had been enrolled.

Safety data. As of May 31, 2024, the incidence rate of collected adverse events was low, and these adverse events were easily manageable, indicating good safety profile of Utidelone Injection in combination with AC.

Efficacy data. Once a sufficient number of evaluable cases is reached and statistical analysis is completed, conclusion regarding the efficacy will be drawn.

Phase II clinical trial of Utidelone Injection for advanced NSCLC

Overview. Its objective was to evaluate the efficacy and safety profile of Utidelone Injection for advanced NSCLC patients who had previously failed the second-line treatment (including platinum-based chemotherapy and targeted therapy) or could not tolerate it.

Trial design. It was a monotherapy, open-label, multi-center trial. Its primary endpoint was the ORR, with the secondary endpoints being the DOR, PFS, OS, and safety profile.

Trial status. We commenced the trial in April 2019 and completed it in August 2021. A total of 26 patients were enrolled, all included in the full analysis set and safety profile analysis set, while 21 patients (80.8%) were included in the per-protocol set.

Safety data. No patient died due to TRAEs during the trial. The most common Utidelone-related TRAEs of CTCAE in grade 3/4 were peripheral neuropathy, elevated gamma-glutamyl transferase, hyponatremia, decreased lymphocyte count, and limb pain, and the incidence rate of these adverse events was low.

Efficacy data. Utidelone Injection demonstrated favorable efficacy in the patients we enrolled. Based on the per-protocol set, a total of 21 patients (80.8%) were evaluable for efficacy. The ORR was 19.0% (95% CI: 5.4%, 41.9%), and the DCR was 81.0% (95% CI: 58.1%, 94.6%). The median recovery time was 4.1 months (95% CI: 3.121, 5.092), the median PFS was 4.4 months (95% CI: 2.497, 9.758), and the 12-month survival rate was 71.0% (95% CI: 42.7%, 87.1%).

Phase III clinical trial of Utidelone Injection for NSCLC in China

Overview. Its primary objective is to evaluate the efficacy and safety profile of Utidelone compared to docetaxel for locally advanced NSCLC patients who have previously failed platinum-based chemotherapy regimens.

Trial design. It is an open-label, randomized controlled trial, with the primary endpoint being the OS and the secondary endpoints being the PFS, ORR, and safety profile. The trial plans to enroll 612 patients, randomized at a 1:1 ratio to receive treatment with either Utidelone monotherapy or docetaxel monotherapy, with treatment cycles of 21 days until disease progression or intolerable toxic reactions occurs. We will conduct the final analysis of the OS when reaching 504 target events (the death of patient) and plan to do a mid-term analysis when reaching approximately 2/3 of the target events.

Trial status. We commenced the trial in May 2023, and as of May 31, 2024, we had enrolled 133 patients.

Safety data. As of May 31, 2024, the incidence rate of collected adverse events was low, and these adverse events were easily manageable, indicating a favorable safety profile.

Efficacy data. Once a sufficient number of evaluable cases is reached and statistical analysis is completed, conclusion regarding the efficacy will be drawn.

Phase II clinical trial of Utidelone Injection for advanced solid tumors (first stage)

Overview. Considering the risks associated with developing new chemotherapy drugs, we focused on the research and development of advanced breast cancer between 2011 and 2018, and planned to expand indication scope upon its successful development. After receiving approval for marketing from the NMPA in March 2021 for advanced breast cancer, we immediately proceeded to explore other indications of Utidelone Injection and commenced another phase II clinical trial for advanced solid tumors. Its primary objective was to evaluate the ORR of Utidelone Injection monotherapy for treating advanced solid tumor patients (excluding breast cancer, lung cancer, and colorectal cancer) who had previously failed standard treatments, so as to determine the tumor types and combination therapies to proceed into the second stage of this clinical trial.

Trial design. It was a monotherapy, single-arm, open-label, and multi-center trial. Its primary endpoint was the ORR, with the secondary endpoints including the CBR, PFS, and safety profile.

Trial status. We commenced the trial in March 2021 and completed it in October 2023 across 18 clinical research centers, enrolling a total of 79 patients. The trial involved seven groups primarily consisting of advanced esophageal cancer, gastric cancer, head and neck cancer, ovarian cancer, pancreatic cancer, bile duct cancer, and other solid tumors that had failed the standard treatments.

Safety data. As of May 31, 2024, the incidence rate of collected adverse events was low, and these adverse events were easily manageable, indicating a favorable safety profile.

Efficacy data. According to 54 patients who were evaluable for efficacy, the preliminary result demonstrated improved efficacy for advanced esophageal and gastric cancers. Among 10 patients with advanced esophageal cancers, one patient had CR, three patients had PR, and three patients had SD. For advanced gastric cancer, among the evaluable 15 patients, three patients had PR, and five patients had SD. Among 10 patients with ovarian cancers, one had PR, and three patients had SD. For primitive neuroectodermal tumor, the sole patient eligible for evaluation had PR. All of the four cholangiocarcinoma patients had SD. Among four cervical cancer patients, three had SD. Among three pancreatic cancer patients, two had SD.

Phase II clinical trial of Utidelone Injection for advanced solid tumors (second stage)

Overview. Its primary objective is to evaluate the ORR, CBR, PFS, and safety profile of the Utidelone combination therapy for first-line advanced gastric and esophageal cancers.

Trial design. It is an open-label, single-arm, combination therapy, and multi-center trial. The second stage serves as an expansion stage, targeting patients with unresectable, locally advanced or relapsed or metastatic esophageal cancers or patients with unresectable, locally advanced or metastatic gastric cancers without systemic therapy.

Trial status. We commenced the trial in April 2023. As of May 31, 2024, we completed the enrollment of our original target number of patients. The results of the clinical trial were published in the 2024 ASCO annual meeting.

Safety data. As of May 31, 2024, the incidence rate of collected adverse events was low, and these adverse events were easily manageable, indicating a favorable safety profile.

Efficacy data. As of May 31, 2024, for advanced esophageal cancer, among the evaluable five patients, one patient had PR, and four patients had SD. For advanced gastric cancer, among the evaluable 15 patients, 11 patients had PR, and four patients had SD.

Phase III MRCT of Utidelone Injection for advanced breast cancer

Overview. Its primary objective is to evaluate the efficacy and safety profile of Utidelone Injection in combination with capecitabine compared to capecitabine monotherapy for treating locally advanced breast cancer patients.

Trial design. It is a multi-national, open-label, randomized controlled trial. Its primary endpoint is the comparison of the PFS between trial group and control group conducted by an independent evaluation committee. Its secondary endpoints include the PFS evaluated by researchers, OS, ORR, DCR, assessment of quality of life, population pharmacokinetics, and pharmacodynamics.

Trial status. We are currently in the start-up stage.

Phase II-III MRCT of Utidelone Injection for advanced NSCLC

Overview. Its primary objective is to evaluate the efficacy and safety profile of Utidelone compared to docetaxel for treating locally advanced NSCLC patients who have previously failed platinum-based chemotherapy and anti-PD-1/PD-L1 immunotherapy.

Trial design. It is a multi-national, open-label, randomized controlled trial. It is a seamless trial, consisting of two independent phases (phase II and phase III), employing an independent data monitoring committee to oversee the safety profile and efficacy. Approximately 760 patients will be enrolled throughout the entire trial. The primary endpoint of phase II is to observe the ORR in both the test and control groups, and the primary endpoint of phase III is the OS.

Trial status. We have completed the site screening of research institutes in the United States for the phase II part.

Set forth below is a summary of some of the investigator-initiated trials of Utidelone Injection.

Phase II clinical trial of anti-HER2 antibody inetetamab in combination with camrelizumab and Utidelone for pretreated HER2+ metastatic breast cancer

Overview. It was an investigator-initiated trial, and its primary objective was to evaluate the efficacy and safety profile of anti-HER2 antibody inetetamab in combination with camrelizumab and Utidelone for treating HER2+ metastatic breast cancer patients who progressed after at least two lines of HER2-directed therapies with trastuzumab and TKIs.

Trial design. Enrolled patients received intravenous camrelizumab (200mg once every three weeks), inetetamab (initial dose of eight mg/kg, then six mg/kg, once every three weeks), and Utidelone (30mg/m^2, days 1–5, every 3 weeks) until disease progression or intolerable toxic reactions occurs. Its primary endpoint was three-month PFS, with the secondary endpoints including ORR, PFS and safety profile.

Trial status. From April 23, 2021 to September 1, 2022, a total of 46 HER2+ metastatic breast cancer patients were enrolled with median age of 52 (range 43–57). As of January 18, 2023, the median follow-up was 11.37 months.

Safety data. The most common TRAEs were peripheral neuropathy (40 cases, 86.96%), capillary proliferation (27 cases, 58.7%), and alopecia (17 cases, 36.96%). Grade ≥3 TRAEs included rash (three cases, 6.52%), peripheral neuropathy (one case, 2.17%) and AST increase (one case, 2.17%). Moreover, there were no TRAEs of grade four or above, nor did any treatment-related deaths occurred.

Efficacy data. The three-month PFS rate in 46 patients was 71.84%. The confirmed ORR was 28%, including one patient achieving complete response. The median PFS was 5.59 months.

Phase II clinical trial of Utidelone in combination with etoposide and bevacizumab for HER2- breast cancer with brain metastasis

Overview. It was an investigator-initiated trial, and its primary objective was to evaluate the efficacy and safety profile of Utidelone in combination with etoposide and bevacizumab for HER2- breast cancer with brain metastasis.

Trial design. Enrolled patients received Utidelone (30mg/m^2, iv, days 1–5), and etoposide (100mg/m^2, iv, days 1–3) concurrently with bevacizumab (10mg/kg iv, day 1) every 21 days for six cycles. Its primary endpoint was CNS-ORR, with the secondary endpoints including CNS-CBR, CNS-PFS, ORR for non-CNS lesions, CBR for non-CNS lesions, ORR, PFS, CBR, OS, and safety profile.

Trial status. Between August 11, 2022 and March 22, 2023, a total of 17 patients were enrolled with median age of 48 (range 34–67). As of May 5, 2023, 11 patients were evaluable for response with median cycles of 6 (2–8), all of whom were still under treatment.

Safety data. Most of the TRAEs were grade one or two and were considered manageable and reversible. Grade III peripheral neuropathy was seen in 9% (1/11) of the total patients. One patient experienced Utidelone-related dose adjustment. No treatment-related death occurred.

Efficacy data. The CNS-ORR was 73%; the CNS-CBR was 91%; the ORR was 64%; the CBR was 91%; the ORR for non-CNS lesions was 27%; the CBR for non-CNS lesions was 55%. The median PFS and OS had not been reached.

Phase II clinical trial of Utidelone in combination with bevacizumab for HER2- breast cancer brain metastases

Overview. It was an investigator-initiated trial, and its primary objective was to investigate the efficacy and safety of Utidelone combined with bevacizumab in the treatment of advanced breast cancer brain metastases.

Trial design. It was a single-arm, multi-center phase II clinical trial. Eligible patients were aged 18 years or older with either radiotherapy-naive or progressive brain metastases post-radiotherapy, presented with asymptomatic or symptomatic brain metastases associated with HER2-negative breast cancer. Patients received intravenous bevacizumab (15 mg/kg on day 1 of each 3-week cycle) and Utidelone (30 mg/kg on days 1 to 5 of each cycle) until intolerance or disease progression. The primary endpoint was central nervous system objective response rate (CNS-ORR), as assessed according to the Response Evaluation Criteria In Solid Tumors version 1.1.

Trial status. Between May 5, 2022, and October 25, 2023, a total of 46 patients were recruited, with a median age of 52.5 years (range, 33 to 69). Among them, 35 patients had untreated CNS lesions, while 11 had progressive brain metastases after local radiotherapy. The results of the clinical trial were published in the 2024 ASCO annual meeting.

Safety data. The most common grade 1–2 adverse events (AEs) were peripheral neuropathy (87.5%), decreased neutrophil count (62.5%), anemia (47.5%), diarrhea (37.5%), and increased alanine aminotransferase (25%). No grade 3 or higher treatment-related AEs occurred.

Efficacy data. The CNS-ORR was 43.5% (95% confidence interval (CI), 28.9%-58.9%). As of January 8, 2024, the median duration of follow-up was 14.6 months, and the median progression-free survival (PFS) was 7.7 months (95% CI: 5.5-10.8). The 12-month overall survival (OS) rate reached 74.4% (95% CI: 60.0%-92.3%).

Phase II clinical trial of inetetamab in combination with pyrotinib and Utidelone for HER2+ metastatic breast cancer

Overview. It was an investigator-initiated trial, and its primary objective was to evaluate the efficacy and safety profile of inetetamab in combination with pyrotinib and Utidelone for HER2+ metastatic breast cancer.

Trial design. It was a prospective, multi-center, single-arm study. Enrolled patients received inetetamab (eight mg/kg in cycle one and six mg/kg in subsequent cycles, day 1, IV), pyrotinib (400mg/d, qd, po) and Utidelone (30mg/m^2, days 1–5, IV) of every 21 days until disease progression or intolerable toxic reactions occurs. Its primary endpoint was ORR per investigator, with the secondary endpoints including investigator-assessed PFS, OS, and safety profile.

Trial status. As of April 1, 2023, a total of 47 HER2+ metastatic breast cancer patients were enrolled. 29 patients were evaluable for response with median cycles of 8 (4–20) and still undergoing treatment, 19 (65.5%) for the first line therapy and 10 (34.5%) for the second line therapy.

Safety data. Most of the TRAEs were grade one or two and were considered manageable and reversible. The most common TRAEs was diarrhea (29 cases, 100%). Grade three diarrhea was reported in 24 patients (82.8%) with the combination therapy. No treatment-related discontinuation or deaths occurred.

Efficacy data. PR was achieved in 23 patients and SD in four patients. The ORR was 79.3%, and the DCR was 93.1%. The median PFS was not reached.

Phase II clinical trial of Utidelone in previously treated patients with advanced or metastatic soft tissue sarcomas

Overview. It was an investigator-initiated trial, and its primary objective was to evaluate the efficacy and safety profile of Utidelone in refractory soft tissue sarcomas.

Trial design. It was a prospective, multi-center, and single arm study, including patients aged 18 years or older with histologically proven advanced and inoperable soft tissue sarcomas who had at least received one anthracycline-based chemotherapy and a large-spectrum tyrosine kinase inhibitor. Enrolled patients received Utidelone (30mg/m^2, days 1–5) every three weeks until disease progression or intolerable toxic reactions occurs. Its primary endpoint was PFS, with the secondary endpoints including the ORR, DCR, OS and safety profile.

Trial status. Between August 19, 2022 and March 1, 2023, a total of 10 patients were enrolled. As of April 16, 2023, all patients could be analyzed. 10 patients were evaluable for response with median cycles of 4 (1–7), seven of whom were still under treatment.

Safety data. Most of the common adverse event(s) were grade one or two and were considered manageable and reversible. Grade ≥3 adverse event(s) included peripheral neuropathy (one case, 10%), AST increase (one case, 10%) and diarrhoea (one case, 10%). Doses of Utidelone were reduced (24mg/m^2, days 1–5) in two patients (20%) at the second cycle and the third cycle, respectively. Doses of Utidelone was discontinued in one patient (10%) at the fourth cycle. No treatment-related deaths occurred.

Efficacy data. The median PFS has not been reached. PR was achieved in one patient (10%) and SD in seven patients (70%), the ORR was 10% and DCR was 80%.

Phase II clinical trial of Utidelone-based therapy in metastatic solid tumors after failure of standard therapies

Overview. It was an investigator-initiated real-world clinical trial, and its primary objective was to evaluate the efficacy and safety profile of Utidelone for solid tumors using 120h continuous intravenous infusion.

Trial design. It was a prospective, multi-center, and single arm study, including patients aged 18 years or older with metastatic solid tumor after failure of standard therapies. Utidelone was administrated at 150mg/m^2 via 120h continuous intravenous infusion, alone or in combination with other anti-cancer agents every 21 days until disease progression or intolerable toxic reactions occurs. Its primary endpoints were the ORR and safety profile, with the secondary endpoints including the mPFS, DCR, and QoL.

Trial status. As of June 30, 2023, a total of 50 patients were enrolled and analyzed. There were 20 patients with breast cancers, 11 patients with gynecological cancers, eight patients with gastrointestinal cancers, six patients with lung cancers, and five patients with other solid tumors.

Safety data. Most of the adverse event(s) were grade one or two and were manageable and reversible. The rate of grade three adverse event(s) was only 4% (2/50), which was peripheral neuropathy. No treatment-related discontinuation or deaths occurred.

Efficacy data. The overall ORR and DCR was 20% and 66%, respectively, the mPFS was 4 months. For breast cancer patients, the ORR and DCR was 40% and 75%, respectively, and the mPFS was 6 months. For gynecological cancers, the ORR and DCR was 9% and 64%, respectively.

Clinical Development Plans

The following table sets forth the rationale for selecting targeted indications and therapies of our clinical programs:

Indication	Rationale for Indication Selection	Rationale for Therapy Selection
Advanced breast cancer	a. Breast cancer ranks first in terms of incidence among women worldwide, and patients are in urgent need of innovative drugs that provide safer and longer-term benefits; microtubule inhibitors usually demonstrated good efficacy for breast cancer; b. Pre-clinical and early clinical studies of Utidelone have indicated promising anti-tumor activity against breast cancer, and it remains effective against tumors resistant to taxanes; and c. It is an industry practice and regulatory requirement to prioritize the development of innovative drugs for advanced cancer patients.	In combination with capecitabine: a. Capecitabine is the standard treatment regimen for advanced breast cancer patients; b. Capecitabine is an oral metabolic chemotherapy drug, with a different mechanism of action and target from Utidelone; pre-clinical studies of Utidelone have shown synergistic anti-tumor effects with 5-Fluorouracil (capecitabine as its prodrug); and c. The phase II clinical trial of combination therapy with capecitabine demonstrated good safety profile and better efficacy than Utidelone monotherapy. Therefore, Utidelone in combination with capecitabine presents greater clinical and market potential compared to monotherapy.

Indication	Rationale for Indication Selection	Rationale for Therapy Selection
Advanced non-small cell lung cancer	a. Lung cancer ranks first in terms of incidence worldwide, patients are in urgent need of safer and more effective chemotherapy options, especially for advanced NSCLC; and b. Positive outcomes of the superior trial will result in wider clinical use with greater market potential.	Monotherapy: Utidelone is similar to docetaxel in terms of mechanism of action, while Utidelone exhibits better anti-tumor activity and safety profile (e.g. myelosuppression). A superiority trial design between Utidelone and docetaxel is expected to enhance its safety profile while offering a better clinical benefit as a second-line monotherapy chemotherapy regimen.
Breast cancer neoadjuvant	a. Utidelone Injection has been approved for marketing for advanced breast cancer; it is an industry practice to move the approved chemotherapy to the early breast cancer; and b. Compared to docetaxel, positive outcomes of the superior trial will result in wider clinical use with greater market potential.	In combination with AC: a. Taxanes (docetaxel) in combination with AC is the standard breast cancer neoadjuvant treatment regimen; and b. Superior trial is feasible; compared to the combination of docetaxel with AC, Utidelone in combination with AC is expected to improve efficacy while reducing safety risks.
Advanced gastric and esophageal cancers (solid tumor stage II)	a. Gastric and esophageal cancers are prevalent types of cancer in China, and treatment options are limited, so patients are in urgent need for more effective therapies; and b. The results of the phase II clinical trial for advanced solid tumors (monotherapy) have demonstrated Utidelone's efficacy for gastric and esophageal cancers.	In combination with PD-1: a. Combining chemotherapy drugs with PD-1 for the first-line treatment of gastric and esophageal cancers now is a standard treatment regimen in China and globally; and b. The findings from the phase II clinical trial of Utidelone Injection in combination with PD-1 will further guide the phase III clinical trial of Utidelone Capsule combined with PD-1.

The phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant is currently in the recruitment phase. We expect to complete the full enrollment by the second quarter of 2025. We target to conduct the primary endpoint analysis by the end of that year, followed by an NDA submission. The NDA is expected to be approved by end of 2026.

The phase III clinical trial of Utidelone Injection for NSCLC is currently in the recruitment phase. We expect to complete the full enrollment by the first quarter of 2025. We target to conduct the primary endpoint analysis by the end of that year, followed by an NDA submission. The NDA is expected to be approved by end of 2026.

Regarding the NDA filing for breast cancer neoadjuvant and advanced NSCLC of Utidelone Injection in China, as of May 31, 2024, the above-mentioned two phase III clinical trials have enrolled approximately one-third of the target number of patients since the initiation of the two trials, and it is noted that during the early stage of a multi-center clinical trial, the launch of trial sites generally requires more time. As we have launched all trial sites, the two trials are enrolling patients at an accelerated rate of approximately one patient per trial site per month. It is anticipated

that all patients can be recruited within six to nine months, consistent with industry practice. Following the recruitment, we would have sufficient time to conduct follow-up work and submit the NDA to the NMPA by the end of 2025. Additionally, the completed phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer took approximately 16 months to enroll 405 patients. Based on this timeline and the estimated patient enrollment rate, our Directors believe that we could complete the two phase III clinical trials and file NDA submissions with the NMPA as planned.

In September 2024, we completed the second stage of the phase II clinical trial of Utidelone Injection for advanced solid tumors. Our strategy is to differentiate indications for the injectable and capsule formulations, prioritizing the capsule for gastrointestinal cancers. Therefore, a phase II–III MRCT for the capsule formulation in gastric or esophagus cancer will follow the completion of the phase II study accordingly.

Regarding the phase II-III MRCT of Utidelone Injection for advanced NSCLC, we have completed site screening visits in the United States to identify clinical sites willing to participate in the phase II part of the study. We expect the FPI for the phase II part by the fourth quarter of 2024 and plan to achieve full enrollment by the end of 2025, followed by communications with the FDA to trigger the phase III part. The first subject for phase III part is expected to be enrolled in early 2026. We plan to complete the primary endpoint analysis by the end of 2027, followed by an NDA submission.

Regarding the phase III MRCT of Utidelone Injection for advanced breast cancer, we plan to initiate the start-up activities for this study in the second half of 2024. We expect the FPI by the middle of 2025 and plan to complete the full enrollment in early 2027, followed by an NDA submission.

Regarding the phase II (pivotal) clinical trial of Utidelone Injection for breast cancer brain metastases, with the ODD and IND approval granted to us in March and June 2024, respectively, we plan to initiate the trial and complete the full enrolment by the end of 2025, followed by an NDA submission.

As of the Latest Practicable Date, we have obtained an IND application for the phase II (pivotal) clinical trial of Utidelone Injection for lung cancer brain metastases in China in September 2024. We plan to complete the full enrollment by the end of 2025, followed by an NDA submission in the middle of 2026.

Considering Utidelone's pre-clinical efficacy evidence in glioblastoma and the potential to cross blood-brain barrier, we are planning the clinical studies of Utidelone Injection for the treatment of glioblastoma in both China and the United States. The IND applications are expected to be submitted to the NMPA and FDA in Q4 of 2024, respectively.

As of the Latest Practicable Date, we did not have any plan to include Utidelone Injection in private insurance and/or grouped healthcare package plans in China or overseas markets.

Material Communications with Competent Authorities

Advanced breast cancer (China)

- In April 2007, the NMPA approved us to conduct a phase I clinical trial of Utidelone Injection for advanced solid tumors (the "**2007 IND Approval**"). With the 2007 IND Approval, we conducted the phase I clinical trial of Utidelone Injection for advanced solid tumors to test its safety profile, and the phase Ib clinical trial of Utidelone Injection for advanced solid tumors to explore a different dosing regimen and test its efficacy.

- In January 2011, the NMPA approved us to conduct a continuing clinical trial (phase II-III clinical trial) of Utidelone Injection for advanced solid tumors (the "**2011 IND Approval**"). With the 2011 IND Approval, we conducted:

  — the phase I/II clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer (July 2012 – June 2014);

  — the phase II clinical trial of Utidelone Injection monotherapy for advanced breast cancer (July 2012 – October 2014); and

  — the phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer (June 2014 – September 2016).

- In May 2014, we communicated with the CDE to confirm the design of the phase III clinical trial of Utidelone Injection in combination with capecitabine for advanced breast cancer, addressing topics such as selection of primary endpoints and standard of adverse events. The phase III clinical trial enrolled the first patient in August 2014 and the last in December 2015. Thereafter, the follow-up work on patients for PFS continued until September 2016, while the follow-up work for OS continued until February 2018.

- In July 22, 2015, the CFDA issued the Announcement of the China Food and Drug Administration on Conducting Self-examination and Verification of Drug Clinical Trial Data (No.117, 2015) (《關於開展藥物臨床試驗數據自查核查工作的公告(2015年第117號)》), which stipulated that applicant for drug registration pending review by the CFDA shall conduct self-examination of IND drugs registered for production in accordance with the relevant requirements. As a result, we incurred additional time for carrying out a thorough self-examination and undergoing on-site third-party inspections of each site before proceeding with the NDA.

- In July 2016, to ensure fair and accurate trial results, we communicated with the CDE regarding independent radiology review and statistical analysis plan for Utidelone Injection and obtained the CDE's consent in this regard.

- In May 2017, we submitted a pre-NDA meeting request to the CDE. The CDE addressed our questions regarding NDA registration and indication description and responded that there was no need to carry out a pre-NDA meeting.

- In October 2017, we completed the construction of Chengdu manufacturing facility and obtained the drug production license, thereby enabling us to produce drug samples and three validation batches of drugs needed for stability study. After obtaining the stability study data, we filed an NDA submission with the NMPA in March 2018.

- During the NDA review process, China became a member of the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use Management Committee (國際人用藥品註冊技術協調會), following which its review and approval systems gradually aligned with international standards, with new requirements and standards imposed for CMC. As Utidelone being an innovative chemotherapy drug candidate produced from genetical engineering bacteria, it took NMPA more time to conduct the NDA review, with particular focus on CMC, and we were required to supplement additional materials twice:

  — firstly, since the CMC dossier of API submitted by us in the NDA was in accordance with the Class 1.2 standard for innovative chemotherapy drugs, we were required to supplement the CMC dossier according to the newly imposed quality standards for genetical engineering biological drugs and conduct a comprehensive analysis of the genetical engineering bacteria and various types of impurities in the production process of bioproducts; and

  — secondly, we revised the specification of Utidelone as per the new requirements and were re-examined by the National Institutes for Food and Drug Control (中國食品藥品檢定研究院); we also re-evaluated the stability of Utidelone in accordance with the revised specification.

  Additionally, the outbreak of the COVID-19 pandemic created obstacles for on-site inspections of our production and R&D, GMP compliance, and hence prolonged the overall registration and review process.

- In March 2021, the combination therapy for advanced breast cancer received NDA approval from the NMPA (the "**2021 NDA Approval**").

NSCLC (China)

- With the 2007 IND Approval, we conducted the phase I and Ib clinical trials of Utidelone Injection for advanced solid tumors. For more information, see "— Material Communications with Competent Authorities — Advanced breast cancer (China)."

- With the 2011 IND Approval, we conducted the phase II clinical trial of Utidelone Injection for advanced NSCLC (April 2019 – August 2021).

- In August 2021, we submitted a pre-IND application to the CDE for discussion of the phase III clinical trial design of Utidelone Injection, when compared to docetaxel, for the treatment of locally advanced or metastatic NSCLC patients who have previously failed platinum-based chemotherapy regimens, addressing topics such as selection of primary endpoints, eligibility criteria, and clinical pharmacology.

- In January 2022, we filed an IND application with the NMPA for the phase III clinical trial of Utidelone Injection monotherapy for advanced NSCLC and obtained the IND approval in March 2022.

Breast cancer neoadjuvant (China)

- With the 2007 IND Approval, we conducted the phase I and Ib clinical trials of Utidelone Injection for advanced solid tumors. For more information, see "— Material Communications with Competent Authorities — Advanced breast cancer (China)."
- In August 2021, we submitted a pre-IND application to the CDE for discussion of the phase III trial design of Utidelone dose-dense sequential regimen, when compared to docetaxel, in neoadjuvant chemotherapy for HER2- early-stage high-risk or locally advanced breast cancer, addressing topics such as eligibility criteria and selection of comparators, and received responses from the CDE in September 2021.
- In January 2022, we filed an IND application for the phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant with the NMPA, which encompassed materials such as the phase III clinical trial protocol, all results of our pre-clinical studies and clinical trials of Utidelone, including the trial results submitted for the 2021 NDA Approval. The NMPA acknowledged our trial protocol and granted us the phase III IND approval in March 2022, indicating that the NMPA did not object to the commencement of the phase III clinical trial without conducting phase II clinical trial.

Advanced breast cancer (MRCT)

- In June 2022, we submitted a pre-IND meeting request to the FDA to discuss the development plan for Utidelone in the United States, seeking guidance on the proposed pivotal clinical study designs, and the meeting was held in July 2022.
- In September 2022, we submitted a Type-B pre-IND meeting request to the FDA to further discuss details of the proposed phase III clinical study, addressing topics such as the eligibility criteria, endpoint measures, and statistical analysis methods.
- In December 2022, we filed an IND application for the phase III MRCT of Utidelone Injection for advanced breast cancer with the FDA, which encompassed materials such as the phase III MRCT protocol, all results of our pre-clinical studies and clinical trials of Utidelone, including the trial results submitted for the 2021 NDA Approval.
- In June 2023, the FDA acknowledged our trial protocol and allowed us to conduct the phase III clinical trial, indicating that the FDA did not object to the commencement of the phase III clinical trial without conducting phase I and II clinical trials. However, the FDA placed the phase III clinical trial on partial clinical hold due to amendments to GLP study. Nevertheless, we may initiate the study but could only enroll no more than 50 patients until we submit the final reports of 3-month toxicity studies in rodent and nonrodent that are in compliance with US GLP regulations outlined in 21 CFR Part 58.
- In June 2024, the FDA lifted the partial clinical hold on the phase III clinical trial.

NSCLC (MRCT)

- In June 2022, we submitted a Type-B pre-IND meeting request to the FDA to discuss a proposed phase III IND submission for the development of Utidelone Injection as monotherapy for NSCLC. However, the FDA suggested a Type-C pre-IND meeting to discuss detailed clinical development plans.
- In September 2022, we submitted a Type-C pre-IND meeting request to the FDA, and the meeting was held in November 2022 to further discuss our proposed protocol and statistical analysis plan prior to submitting the IND.
- In December 2022, we submitted a Type-D pre-IND meeting request to discuss our revised study protocol from the phase III study protocol to a phase II-III seamless study protocol with adaptive design, and we received written responses from the FDA in January 2023 with permission for the revision (superiority trial, head-to-head comparison with docetaxel).
- In March 2023, we filed an IND application for the phase II-III MRCT of Utidelone Injection for advanced NSCLC with the FDA, which encompassed materials such as the phase II-III MRCT protocol, all results of our pre-clinical studies and clinical trials of Utidelone, including the trial results submitted for the 2021 NDA Approval.
- In June 2023, the FDA acknowledged our trial protocol and allowed us to conduct the phase II-III clinical trial, indicating that the FDA did not object to the commencement of the phase II-III clinical trial without conducting phase I clinical trial. However, the FDA placed the phase II-III clinical trial on partial clinical hold due to amendments to GLP study. Nevertheless, we may initiate the study but can only proceed with the phase II portion until we submit the final reports of 3-month toxicity studies in rodent and nonrodent that are in compliance with US GLP regulations outlined in 21 CFR Part 58.
- In July 2024, the FDA lifted the partial clinical hold on the phase II-III clinical trial.

Solid tumors (China)

- With the 2007 IND Approval, we conducted the phase I and Ib clinical trials of Utidelone Injection for advanced solid tumors. For more information, see "— Material Communications with Competent Authorities — Advanced breast cancer (China)."
- With the 2011 IND Approval, we conducted the phase II clinical trial of Utidelone Injection for advanced solid tumors (first stage, excluding breast cancer and NSCLC) (March 2021 to October 2023) and the phase II clinical trial of Utidelone Injection for advanced solid tumors (second stage, advanced gastric and esophageal cancers) (April 2023 – present).
- In May 2023, we submitted a filing to the CDE with regard to the protocol amendment from the first stage to the second stage of the phase II clinical trial of Utidelone Injection for advanced solid tumors. The amendment was acknowledged by the CDE in June 2023.
- In September 2024, we completed the second stage of the phase II clinical trial of Utidelone Injection for advanced solid tumors.

Breast cancer brain metastasis (the United States)

- In September 2023, we filed an application for orphan drug designation for breast cancer brain metastasis with the FDA, including the results of preclinical animal studies and two IITs of Utidelone Injection combination therapies for breast cancer brain metastases. For more information, see "— Core Product: Utidelone Injection — Competitive Advantages — cross blood-brain barrier, with great potential for preventing and treating brain metastasis" and "— Core Product: Utidelone Injection — Summary of Clinical Trial Results."
- In January 2024, we submitted supplementary materials, including:
  - — a clinical case report which demonstrates Utidelone monotherapy's efficacy for breast cancer brain metastasis patients; and
  - — a test from a breast cancer brain metastasis patient to determine the concentration of Utidelone in plasma and brain tumor sac fluid, which suggests that Utidelone can penetrate the blood-brain barrier into brain metastases. For more information, see "- Core Product: Utidelone Injection — Competitive Advantages — cross blood-brain barrier, with great potential for preventing and treating brain metastasis."
- In March 2024, we obtained orphan drug designation approval from the FDA for breast cancer brain metastasis.
- In June 2024, we obtained IND approval for a phase II (pivotal) clinical trial from the FDA for breast cancer brain metastasis.

Lung cancer brain metastasis (China)

- In January 2024, we submitted a pre-IND application to the CDE, which encompassed materials such as the protocol of the phase II (pivotal) clinical trial of Utidelone Injection for lung cancer brain metastases, all results of our pre-clinical studies and clinical trials of Utidelone, including the trial results submitted for the 2021 NDA Approval. We came up with topics for discussion such as the data basis of conducting the trial, the trial design, and the number of enrolled patients.
- In April 2024, we received pre-IND meeting responses from the CDE, which acknowledged our protocol to conduct the phase II (pivotal) clinical trial.
- In September 2024, we obtained an IND approval from the NMPA for the phase II clinical trial for lung cancer brain metastasis.

The two MRCTs were on partial clinical hold because the toxicology study conducted between 2004 and 2006 was performed in a laboratory in China, which was not inspected by the FDA. Therefore, the FDA requested that the toxicology study be supplemented in a laboratory inspected by it, specifically in accordance with the US GLP regulations outlined in 21 CFR Part 58. Consequently, we commissioned a CRO in China, whose qualifications fully comply with US GLP regulations, to supplement the study. The study was completed in October 2023 and reviewed by us subsequently. After the CRO prepared the standard exchange of non-clinical data package for

submission to the FDA, we submitted it for the phase III MRCT of Utidelone Injection for advanced breast cancer at the end of May 2024. In June 2024, the partial clinical hold on the phase III MRCT was lifted by the FDA. Subsequently, we submitted the same standard exchange of non-clinical data package to the FDA for the phase II-III MRCT of Utidelone Injection for advanced NSCLC at the end of June 2024. In July 2024, the partial clinical hold on the phase II-III MRCT was also lifted by the FDA.

To implement our commercialization plans in the United States, we need to conduct clinical trials in the United States to obtain the NDA approval for the Core Product. Based on the promising results of clinical trials that we have conducted in China on Chinese patients, especially the trials conducted on advanced breast cancer patients and advanced NSCLC patients, we were exempted by the FDA from certain phases of clinical trials for advanced breast cancer and advanced NSCLC in the United States. We have also had multiple communications with the FDA regarding the trial protocols of our MRCTs. As previously planned, we will engage CROs to conduct phase III and phase II-III MRCTs in the United States with American patients involved to further verify the efficacy and safety profile of our product candidates. Our Directors are of the view that our previous clinical trials conducted on Chinese patients may facilitate the fast approval of our product candidates globally, thus accelerating the path to our commercialization.

As of the Latest Practicable Date, we had achieved all endpoints for each of our completed clinical trials as set out in clinical trial designs, with no adjustment made to the endpoints, nor was there a need for extension of our trials required by competent authorities. Additionally, no material adverse change had occurred with respect to our NDA approval for Utidelone Injection.

WE MAY NOT ULTIMATELY BE SUCCESSFUL IN DEVELOPING AND COMMERCIALIZING OTHER INDICATIONS FOR WHICH UTIDELONE INJECTION IS NOT APPROVED.

Utidelone Capsule

Overview

In the current trend of chemotherapy drug, the pursuit of developing oral formulation is a prominent yet challenging endeavor, and the global landscape features only a limited number of approved oral microtubule inhibitors, each exhibiting moderate performance. Leveraging the demonstrated advantages of Utidelone and our microbial drug formulation development platform, we are actively engaged in the development of its oral formulation, Utidelone Capsule. We believe it could offer patients benefits in various aspects such as convenience and reduced medical costs. According to clinical results, Utidelone Capsule has also demonstrated good efficacy and safety profile along with higher bioavailability.

Market Opportunities and Competition

Compared to injections, orally administered microtubule inhibitors exhibit greater convenience and patient adherence, allowing patients to take medication at home and reducing the need for in-person care, thereby optimizing healthcare resources. As of May 31, 2024, oral microtubule inhibitor drugs approved for marketing included (i) paclitaxel oral liquid (DHP-107), which was only approved in South Korea in 2016, and (ii) vinorelbine tartrate soft capsule which was first approved in France in 2001. For more information, see "Industry Overview — Microtubule Inhibitor Market — Oral Microtubule Inhibitor."

Gastric Cancer

Gastric cancer is a common cancer that begins in the stomach HER2+ gastric cancer accounts for approximately 12% of gastric cancers in terms of incidence in China. According to Frost & Sullivan, the incidence of gastric cancer in China was approximately 369.0 thousand in 2023 and is projected to increase to approximately 441.8 thousand in 2030 at a CAGR of 2.6%. According to Frost & Sullivan, chemotherapy remains the cornerstone of gastric cancer treatment, widely used across major subtypes and various treatment lines. As of May 31, 2024, docetaxel was the only microtubule inhibitor drug for the treatment of gastric cancer in China, which was approved in 1997, and there is an urgent need for new microtubule inhibitor drugs. For more information, see "Industry Overview — Selected Indication Analysis — Gastric Cancer."

Esophageal Cancer

Esophageal cancer is cancer that occurs in the esophagus — a long, hollow tube that runs from your throat to your stomach. Esophageal cancer most often occurs in the cells that line the inside of the esophagus. According to Frost & Sullivan, the incidence of esophageal cancer in China was approximately 231.0 thousand in 2023 and is projected to increase to approximately 280.5 thousand in 2030 at a CAGR of 2.8%. As of May 31, 2024, vindesine was the only approved microtubule inhibitor drug for the treatment of esophageal cancer in China, and there is an urgent need for new microtubule inhibitor drugs. For more information, see "Industry Overview — Selected Indication Analysis — Esophageal Cancer."

Ovarian Cancer

Ovarian cancer is a group of diseases that originates in the ovaries, or in the related areas of the fallopian tubes and the peritoneum. According to Frost & Sullivan, the incidence of ovarian cancer in China was approximately 61.6 thousand in 2023 and is projected to increase to approximately 65.9 thousand in 2030 at a CAGR of 0.9%. According to the CSCO guidelines, postoperative adjuvant chemotherapy for ovarian cancer primarily employs drugs such as paclitaxel, docetaxel, carboplatin, and doxorubicin. In addition to chemotherapy drugs, targeted drugs such as olaparib, niraparib, pamiparib, bevacizumab, and fluzoparib are also employed for advanced ovarian cancer. For more information, see "Industry Overview — Selected Indication Analysis — Ovarian Cancer."

Liver Cancer

Liver cancer is a disease where cancer cells form in the tissues of the liver. The most common type of liver cancer is hepatocellular carcinoma, which begins in hepatocyte, the predominant cell type in the liver. According to the CSCO guidelines, postoperative adjuvant treatment includes chemotherapy and targeted therapy; advanced liver cancer treatment mainly includes chemotherapy drugs such as oxaliplatin and targeted drugs including antibodies. In China, its recent five-year survival rate is 12.1%. However, given the low survival rate and the urgent clinical need for effective treatments, no microtubule inhibitor drug had been approved in China as of the Latest Practicable Date. For more information, see "Industry Overview — Selected Indication Analysis — Liver Cancer."

Competitive Advantages

With advancements in diagnosis and treatment, the overall survival of patients has significantly improved, transforming cancer into a chronic disease. In this context, oral formulations offer greater convenience and compliance than injectable formulations in long-term cancer treatment. This favors their use in long-term adjuvant and maintenance therapies for cancer patients, suggesting a great potential for wide application around the world. However, developing oral formulations poses significant challenges. This is primarily because oral drug molecules must pass through the gastrointestinal epithelial cell layer and overcome various physiological, biochemical, and chemical barriers to be absorbed into the bloodstream and reach the target site.

As a basic chemotherapy drug, microtubule inhibitor has been widely used in clinical practice in injectable formulation. Since the main microtubule inhibitors on the market, such as anthracycline, vinblastine, taxane, and eribulin lack the aforementioned characteristics, it is difficult to develop their oral formulations. For instance, taxane has poor water solubility, resulting in low absorption amount. Moreover, as P-glycoprotein substrates, once drug molecules enter the gastrointestinal mucosal cells, they are often effluxed back into the intestinal lumen by P-glycoprotein, resulting in a lower bioavailability of the oral formulation. There have also been attempts in the market to explore the development of oral formulations of microtubule inhibitors. However, due to issues related to bioavailability and safety, these attempts have not made significant progress. As of the Latest Practicable Date, no oral taxane had been approved for marketing globally except for China and South Korea.

Utidelone, however, is insusceptible to P-glycoprotein-mediated efflux, giving it an advantage for oral administration. Compared to other microtubule inhibitors, Utidelone Capsule has competitive advantages across multiple dimensions, which enhances its suitability for long-term adjuvant and maintenance therapies for cancer patients, better meeting their needs.

(1) *comparable bioavailability*

Bioavailability reflects the proportion of a drug that enters the human circulatory system, and there is a certain correlation between a drug's bioavailability and its safety. Specifically, the higher the bioavailability of a drug, the fewer the dose required for patients to achieve the same efficacy, which brings fewer toxicity to patients, thereby enhancing the drug's safety profile.

According to our research, Utidelone Capsule exhibits a median bioavailability of approximately 57%. Its bioavailability stems from three factors. Firstly, based on the microbial formulation platform technology, we employ solid dispersion techniques, allowing Utidelone and polymer pharmaceutical excipients to exist in a colloidal state, which significantly diminishes the intermolecular recrystallization of Utidelone, boosts drug supersaturation, substantially enhances its water solubility, and guarantees its quality within its shelf-life. Secondly, we optimize the proportion of pharmaceutical polymer excipients to regulate the release rate of Utidelone, enabling Utidelone Capsule to exhibit a sustained and controlled release, thereby effectively prolonging its activity in the body and enhancing its efficacy. Thirdly, Utidelone is not a P-glycoprotein substrate, making it less likely to be pumped out and enabling it to effectively cross the gastrointestinal mucosal barrier.

As of May 31, 2024, oral microtubule inhibitors approved for marketing included paclitaxel oral liquid, which was only approved in South Korea, and vinorelbine tartrate soft capsule, the only oral microtubule inhibitor approved in China. The bioavailabilities of them were 23% and 33%, respectively, which were relatively low. Besides, the incidence of grade 3/4 neutropenia of vinorelbine is about 47.7%, with a relatively poor safety profile. Additionally, Utidelone Capsule is a hard capsule. Based on non-head-to-head comparison with oral liquid or soft capsules, its hard form can prevent the drug from irritating esophagus and skin and also protect it from being destroyed by stomach acid.

(2) *no significant toxicity with promising efficacy compared to injectable formulation*

Currently, most chemotherapy drugs are administered via injection and are associated with severe adverse events. For instance, some ingredients in certain medications, like the organic solvents and surfactants found in paclitaxel injection, can cause intense allergic reactions, exhibiting poor safety profile. In contrast, Utidelone Capsule does not require the addition of these solvents and surfactants, which reduces adverse reactions caused by organic solvents and surfactants during intravenous administration, reflecting good safety profile.

Furthermore, preclinical and clinical studies suggested that Utidelone Capsule, compared to injection, showed no significant difference in toxicity. The observed adverse reactions were almost identical. Under the same dose, Utidelone Capsule demonstrated better safety profiles than Injection. As of May 31, 2024, the most rapidly advancing oral formulations of taxane were oral paclitaxel compounded medication (paclitaxel+encequidar) and paclitaxel oral liquid. Oral paclitaxel compounded medication was rejected by the FDA in 2021 due to increased safety risks associated with neutropenia. Regarding paclitaxel oral liquid, the incidence of adverse reactions such as fatigue, nausea, vomiting, diarrhea, and febrile neutropenia is higher than that of its injectable formulation.

As of the Latest Practicable Date, the clinical trials of Utidelone Capsule were being conducted simultaneously in China and the United States, and Utidelone Capsule had demonstrated improved efficacy, even in the low-dose cohort. Among 36 advanced late-line solid tumor patients eligible for evaluation from the two trials who received Utidelone monotherapy, one had CR, four

had PR, and 21 had SD, and the TRAEs were manageable. We will continue to monitor and evaluate the trials and conduct further analyses to comprehensively assess the safety profile of Utidelone Capsule.

(3) *convenient for combining other drugs*

The combination of various therapies has been proven effective in treating cancers and could significantly prolong patient survival. With the emergence of more new targets and regimens, it's anticipated that more combination therapies will be developed in the future. Utidelone Injection has shown its strength when used in combination with other drugs. Utidelone Capsule, which is orally administered, would be much easier to combine with other oral anti-cancer drugs. This capability for oral administration with other drugs broadens the scope of combination therapy, showcasing immense potential for application and market opportunity.

(4) *cost-effective for patients*

Injectable drugs are typically intravenously administered, which requires hospitalization to minimize adverse reactions, thereby increasing the financial burden on patients. In contrast, Utidelone Capsule does not necessitate additional treatments before and after administration, thus eliminating the need for hospitalization. It can substantially reduce the economic burden of treatment, making it accessible to a broader patient population and benefiting them.

The advantages above positively impact patient compliance. Utidelone Capsule not only alleviates the pain and discomfort associated with injections, but also offers patients a higher level of safety assurance, enabling them to easily self-administer drugs at home without professional medical assistance. It greatly enhances patients' willingness and ability to adhere to treatment plans, boosting both long-term adjuvant and maintenance therapies. Furthermore, given that Utidelone Capsule shares the same active ingredient with Utidelone Injection, it has the same advantages as Utidelone Injection. For more information, see "— Core Product: Utidelone Injection — Competitive Advantages."

Summary of Clinical Trial Results

Pivotal clinical trial of Utidelone Capsule in China

Overview. Its primary objective is to explore the safety profile and tolerability of Utidelone Capsule for Chinese patients with advanced solid tumors. Its secondary objectives include evaluating its efficacy and safety profile, assessing the absolute bioavailability of Utidelone Capsule compared to Utidelone Injection, and evaluating relevant pharmacokinetic characteristics.

Trial design. It comprises several parts. Part I is an open-label, single-center, non-controlled, dose-escalation trial. Part II is an open-label, multi-center, controlled pharmacokinetic comparison and dietary impact trial. We are now expanding a part III for Utidelone in combination with capecitabine for the treatment of advanced breast cancer, which is an open-label and multi-center trial.

Trial status. We commenced the trial in August 2023. As of May 31, 2024, 24 patients had been enrolled, all of whom were breast cancer patients. The results of the clinical trial were published in the 2024 ASCO annual meeting.

Safety data. As of May 31, 2024, the incidence rate of collected adverse events was low, and these adverse events were easily manageable, indicating a favorable safety profile. The dose-limiting toxicity had not been reached yet.

Efficacy data. Once the analysis of all evaluable cases is completed, conclusion regarding the efficacy will be drawn.

Phase I clinical trial of Utidelone Capsule in the United States

Overview. Its primary objective is to explore the safety profile and tolerability of Utidelone Capsule for American patients with advanced solid tumors, alongside a preliminary evaluation of its anti-tumor activity.

Trial design. It is an open-label, multi-center, dose-escalation trial. Its primary objective is to determine the MTD and dose-limiting toxicity, and its secondary objective is to evaluate the pharmacokinetic profile and efficacy of Utidelone Capsule for treating patients with advanced solid tumors.

Trial status. We commenced the trial in June 2023 across three clinical trial centers. As of May 31, 2024, 16 patients had been enrolled, and the escalation had been completed. The results of the clinical trial were published in the 2024 ASCO annual meeting.

Safety data. As of May 31, 2024, the incidence rate of collected adverse events was low, and these adverse events were more easily manageable, indicating a favorable safety profile. The dose-limiting toxicity had not been reached thus far.

Efficacy data. Once the analysis of all evaluable cases is completed, conclusion regarding the efficacy will be drawn.

Clinical Development Plans

We have completed the part I and part II of the pivotal clinical trial of Utidelone Capsule in China, namely the monotherapy parts. We are advancing the part III of the pivotal clinical trial, namely the combination therapy part for advanced breast cancer, and we expect to get it completed in the fourth quarter of 2024. Looking ahead, we are going to submit a pre-NDA in the fourth quarter of 2024 to discuss with the CDE about the feasibility to directly file an NDA submission in terms of the advanced breast cancer indication which has been approved for Utidelone Injection.

In the United States, we obtained an ODD approval from the FDA for Utidelone Capsule for the treatment of advanced gastric cancer in March 2024. We have submitted pre-IND applications to the NMPA and the FDA in the second half of 2024 for the phase II–III MRCT of the combination of Utidelone Capsule with PD-1 for the treatment of advanced gastric cancer. We target to complete the FPI in early 2025 and enroll all patients by the end of 2026, followed by an NDA submission.

We are also advancing other indication expansions for capsule including ovarian cancer and liver cancer. For ovarian cancer, we expect to complete the FPI for a phase II clinical trial of Utidelone Capsule monotherapy for the treatment of advanced ovarian cancer in China in the fourth quarter of 2024; for liver cancer, we target to submit an IND application to the NMPA in Q4 of 2024.

Material Communications with Competent Authorities

For the clinical trials of Utidelone Capsule, we filed IND applications with the NMPA and the FDA in September 2022 and October 2022, respectively. In November 2022, the FDA requested us to supplement information to assess risks to human subjects, and we provided the supplementary information as requested. In December 2022, we received IND approvals from the NMPA and the FDA.

WE MAY NOT ULTIMATELY BE SUCCESSFUL IN DEVELOPING AND COMMERCIALIZING UTIDELONE CAPSULE.

Other Programs

Utidelone Nanoformulation

Utidelone nanoformulation is an enhanced version of Utidelone Injection, utilizing nanotechnology to enhance drug solubility, which effectively avoids allergic reactions caused by alcohol solvents and surfactants of drugs, eliminating the need for anti-allergy treatment before administration and simplifying the administration process. Furthermore, nanotechnology can effectively alter *in vivo* distribution of drugs, reduce adverse reactions caused by chemotherapy drugs due to their poor targeting abilities, improve efficacy and safety profile of drugs, and enhance patient compliance. We have completed formulation screening and submitted patent applications for different Utidelone nanoformulations therefor.

Utidelone Antibody Drug Conjugate (Utidelone ADC)

Utidelone ADC combines the potent effects of chemotherapy drugs with the tumor-targeting advantages of antibody drugs. Given the promising performance of ADCs in indications like breast cancer and the clinical exploration involving microtubule inhibitor drugs as effective payloads, we believe that Utidelone, as an innovative chemotherapy drug with comprehensive clinical advantages, has the potential to be a good payload for ADCs, which will further strengthen our advantage in terms of efficacy and safety profile across multiple indications, thereby broadening our market reach.

BG22

Ongoing research into the proliferation, invasion, metastasis, and resistance to radiotherapy and chemotherapy of tumor cells has increasingly highlighted the presence of a unique cell population in various cancers such as breast cancer, lung cancer, liver cancer, and pancreatic cancer. These cells are known as cancer stem cells (CSCs). Although CSCs constitute merely 1% of cancers, they primarily reside in G0 phase, making them resistant to traditional chemotherapy. Over time, CSCs can proliferate and divided, forming new tumors. Consequently, developing drugs that can effectively act on CSCs has become a primary focus in cancer research. BG22 is a promising non-ribosomal peptide compound with potent anti-tumor activity. It inhibits CSCs by inhibiting DNA replication and transcription, and we are currently developing it for the treatment of solid tumors. We are going to submit an IND application for BG22 nanoformulation in 2025;

BG18

BG18 is a protein phosphatase inhibitor and a new derivative of a natural compound. Developed through our combinatorial biosynthesis platform, BG18 can overcome the poor stability of this class of compounds and improve their druggability, exhibiting highly specific inhibition activity. Studies have indicated that this class of compounds demonstrates significant inhibitory effects on human cancer cell lines such as leukemia L1210, colorectal cancer, lung cancer, breast cancer, and ovarian cancer *in vitro*, and also displays promising anti-tumor effects *in vivo*. Furthermore, the raw materials for BG18 are obtained through microbial fermentation, offering advantages such as abundant availability, enhanced stability, improved quality, and reduced production costs. We have successfully established a comprehensive biosynthetic mechanism for BG18, along with an efficient genetic transformation system, enabling the synthesis of BG18 and its analogs. We have also developed a complete process for fermentation, chemical semisynthesis, and purification of BG18, with patents in China, the United States, and Japan. Systematic CMC studies and non-clinical research on BG18 are currently in progress, and we plan to submit an IND application in 2026.

BG44

BG44 is a derivative of Utidelone. Leveraging our key technology platforms, we have completed the design, construction, and validation of its production strain, the development of its active pharmaceutical ingredient production process, and quality and stability research. We have also preliminarily completed its formulation and process screening and initiated evaluation of its druggability. Significantly, the development of BG44 has been supported by major national projects such as National Major Scientific and Technological Special Project for Significant New Drugs Development (國家重大新藥創制科技重大專項) and National High-Tech R&D Project (863 Project) (國家高技術研究發展計劃) (863計劃). We plan to submit an IND application in 2026.

Given the accumulation of experience and technical knowhow over the past 20 years, our plan to develop new drug assets is feasible for several reasons: (i) we have established robust technology platforms applying synthetic biology for new drug development, in particular, the combinatorial biosynthesis platform. Through the exploration of genome and gene function, we have established

the mechanisms for a number of target compounds with different mechanisms of action, leading to the successful development of BG44, and BG18, in addition to Utidelone Injection and Utidelone Capsule; (ii) our R&D team possesses rich and diverse experience in drug development. Their expertise and knowledge, honed over years of successful projects, position them well to tackle the challenges of developing these new drug assets; (iii) we will diversify our product portfolio with our self-owned funds, ensuring financial stability and dedication to the successful development of new drug assets; and (iv) we are actively seeking partners to co-develop these new drug assets. This strategy not only brings in additional expertise and resources but also mitigates risks and accelerates the development process through collaborative innovation.

Currently, BG22, BG18, and BG44 are in the preclinical stage of development, undergoing pharmacokinetic, pharmacodynamic, and toxicity studies. These standard studies are progressing smoothly. Our Directors are of the view that we will successfully submit IND applications as planned.

Given that Utidelone has demonstrated great druggability and Utidelone Injection has been approved for the treatment of advanced breast cancer, currently, our primary focus remains on advancing the R&D and commercialization of Utidelone Injection and Utidelone Capsule, particularly those pipelines at clinical stages. Simultaneously, we will utilize both the proceeds from the Global Offering and our own capital to propel new drug assets. For instance, according to our preclinical study results, BG22 demonstrated promising anti-tumor activity and can be developed as a cancer stem cell inhibitor for solid tumors. After obtaining IND approval, we will also proceed with clinical trials of these new drug assets. We anticipate that these assets will further enrich our product portfolio and bring new vitality to our future growth.

WE MAY NOT ULTIMATELY BE SUCCESSFUL IN DEVELOPING AND COMMERCIALIZING THESE PROGRAMS.

STRATEGY IN POSITIONING AND PRIORITIZING OUR PRODUCT AND PIPELINE

Positioning Strategy

When conducting research and development, we primarily take into account the progress of pipeline, the merits of its product and product candidates, as well as the characteristics of different formulations.

NSCLC & Breast Cancer Neoadjuvant. Regarding NSCLC and breast cancer neoadjuvant, as phase III clinical trials of Utidelone Injection for these two indications are ongoing, we remain committed to advancing the development of Utidelone Injection, aiming to expedite the commercialization of these pipeline candidates.

Breast Cancer Brain Metastasis, Lung Cancer Brain Metastasis, and Glioblastoma. Recognizing Utidelone's ability to cross blood-brain barrier and injection's capacity to deliver drug molecules directly to brain, we also prioritize the development of Utidelone Injection for breast cancer brain metastasis, lung cancer brain metastasis, and glioblastoma.

Gastric Cancer, Esophageal Cancer, and Liver Cancer. It is important to note that capsule will initially dissolve in stomach and intestine before the drug molecules are absorbed into bloodstream, capsule may thus offer better efficacy for the treatment of gastrointestinal cancer compared to other cancers. Therefore, we would develop Utidelone Capsule for gastrointestinal cancers such as gastric, esophageal, and liver cancers.

Ovarian Cancer. We adopt a differentiated business strategy considering our peer products in the current market. For example, paclitaxel enjoys a great market share in the treatment for ovarian cancer, but it is limited to injectable formulation. To avoid fierce competition with paclitaxel, we focus on the advancement of oral formulation for ovarian cancer to boost its market reach.

Breast Cancer. The reason we are advancing the breast cancer indication for both Utidelone Injection and Utidelone Capsule is twofold: firstly, Utidelone Injection has been approved for treating advanced breast cancer, which may lead to the fast approval for Utidelone Capsule to quickly penetrate the market, and its approval for marketing will facilitate the operation of IITs, enabling us to understand the performance of Utidelone Capsule for more indications; secondly, the development of Utidelone Capsule would further increase our market share by offering physicians and patients more treatment options. Since Utidelone Capsule does not necessitate additional treatments before and after administration, it is a convenient choice for both physicians and patients. Additionally, Utidelone Capsule, as an adjuvant and maintenance treatment for breast cancer (with potential applications for other cancers), can be used following the treatment of Utidelone Injection, aiming to achieve long-term benefits for patients.

Meanwhile, for certain breast cancer patients who are unable to take oral medications, Utidelone Injection remains their primary treatment option. Furthermore, advanced cancer patients may prefer Utidelone Injection due to its rapid onset of action and ability to deliver precise dosages, ensuring prompt therapeutic effects.

For the treatment of breast cancer, we will employ differentiated marketing or promotional strategies, and each of the two formulations is potentially more suitable for patients with different circumstances. For instance, Utidelone Capsule will be recommended for patients who are unable to undergo or receive hospitalization, as well as those in adjuvant and maintenance therapy phases following the treatment of Utidelone Injection. On the other hand, Utidelone Injection will be recommended for patients with gastrointestinal absorption deficiencies who cannot take Utidelone Capsule and advanced breast cancer patients who are hospitalized for treatment.

Considering the above, we believe that even for the same indication, the simultaneous development of Utidelone Injection and Utidelone Capsule would not lead to considerable cannibalization or substitution as each formulation possesses unique characteristics and advantages tailored to different patients and treatment needs. Rather, this simultaneous development is expected to enhance our market reach.

The development strategy for Utidelone Injection and Utidelone Capsule covers various cancer indications, each formulation tailored to specific patient needs. Considering the clinical trial advancements of Utidelone Injection and its ability to penetrate the blood-brain barrier, Utidelone Injection is targeted towards NSCLC, breast cancer neoadjuvant, brain metastasis and glioblastoma.

Utidelone Capsule is targeted towards gastrointestinal cancers due to its absorption route. For ovarian cancer, we develop Utidelone Capsule because its oral formulation presents comparative advantages over taxanes. Advancing both formulations for breast cancer offers multiple benefits: the approval of Utidelone Injection may expedite the market entry of Utidelone Capsule, and the established market reputation of Utidelone Injection will bolster the market acceptance Utidelone Capsule, while Utidelone Capsule could complement Utidelone Injection as an adjuvant and maintenance treatment. Despite the overlapping indication, each formulation's unique advantages suggest minimal cannibalization or substitution.

As for other formulations of Utidelone, Utidelone nano-formulation, as an enhanced version of Utidelone Injection, could enhance drug solubility and avoid allergic reactions caused by alcohol solvents and surfactants of drugs, eliminating the need for anti-allergy treatment before administration. Utidelone nano-formulation could also effectively alter in vivo distribution of drugs, reduce adverse reactions caused by chemotherapy drugs due to their poor targeting abilities, improve efficacy and safety profile of drugs, enhance patient compliance, and help patients achieve long-term benefits. However, given that the development and production costs of this formulation are relatively higher compared to traditional injectable formulation, the price of Utidelone nano-formulation would be higher, and patients may choose accordingly based on their individual circumstances such as financial capacity. Utidelone antibody drug conjugate leverages the powerful effects of chemotherapy while incorporating the tumor-targeting benefits of antibody drugs, and this formulation is particularly effective for patients with specific mutations. Accordingly, both of the two innovative formulations of Utidelone have distinct advantages compared to traditional formulations and are more suitable for patients with different conditions.

Prioritizing Strategy

Our primary development strategy revolves around leveraging the advantages inherent in our current product portfolio while prioritizing projects that entail minimal investment, carry low risk and fast moving, and have the potential for swift product development. Based on the extensive experience spanning the entire process from pre-clinical studies to commercialization, we aim to expedite the introduction of innovative drugs to the market and provide a feasible path to commercialization, thereby maximizing its competitive edge and meeting evolving patient demands.

Following this strategic direction, we will prioritize the advancement of the phase III clinical trial of Utidelone Injection for advanced NSCLC in China (superiority trial, head-to-head comparison with docetaxel) and the phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant in China (superiority trial, head-to-head comparison with docetaxel). This strategic focus aims to expedite the commercialization of the two pipeline candidates and provide superior alternatives that address the limitations of traditional taxanes and offer improved treatment options for cancer patients.

We will also prioritize the development of Utidelone Capsule in China and globally. As of the Latest Practicable Date, Utidelone Capsule had been granted as orphan drug designation by the FDA for the treatment of advanced gastric cancer, while there was no orally administered microtubule inhibitor had been approved for marketing for oncology treatment in the United States,

with only two approved in China, namely paclitaxel oral liquid and vinorelbine tartrate soft capsule, which has a relatively low bioavailability and poor safety profile. Given the notable convenience and improved patient adherence associated with orally administered microtubule inhibitors, as well as Utidelone Capsule's strong bioavailability, the Directors are of the view that the development of Utidelone Capsule would not only address unmet medical need but also help the Company tap into a vast market reach.

Feasibility of Our Strategy

Leveraging the well-established profile of Utidelone, accumulated trial data and experience in research and development, our planned initiatives for multiple clinical trial programs are feasible and strategically positioned for subsequent applications.

Developing innovative chemotherapy drugs is inherently difficult and time-consuming, as it requires a delicate balance between efficacy and safety profile. In comparison, built upon the groundwork laid before, indication expansion and formulation development for marketed product are generally less arduous than the process of developing innovative chemotherapy drugs. According to Frost & Sullivan, indication expansion and formulation development generally require a shorter timeframe compared to the process of developing innovative drugs. Given that Utidelone Injection has been approved for treating advanced breast cancer, which has well established the druggability, efficacy and safety profile of Utidelone, we are currently focusing on the indication expansion of Utidelone Injection and the formulation development of Utidelone, which would take us less time on R&D, accelerating the marketing approval process. IITs are crucial for assessing the real-world performance of Utidelone Injection, which facilitate and speed up our collection of data on the safety and efficacy of Utidelone Injection. In the meantime, these findings of IITs could guide our indication development and support registered clinical trials. Furthermore, the experience we accumulate in research and development, as well as the substantial amount of trial data amassed through preclinical studies and clinical trials (including IITs), can effectively support our development and approval processes.

For example, we could proceed directly to a phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant without the need for a phase II clinical trial; we are conducting a pivotal clinical trial of Utidelone Capsule for advanced breast cancer, the results of which will be evaluated by the NMPA to decide the bioavailability of Utidelone Capsule compared to Utidelone Injection. We may thus have a chance to advance the marketing and commercialization of Utidelone Capsule, skipping certain phases of trials that would require significant investment and amount of time. Supported by the two IITs of Utidelone Injection combination therapies for breast cancer brain metastases, we filed an application for ODD with the FDA for breast cancer brain metastasis and obtained an approval in March 2024, which granted us access to specialized regulatory assistance from the FDA's Office of Orphan Products Development. This support can expedite the development process by providing guidance on how best to design clinical trials that meet regulatory approval requirements for Utidelone Injection. For more information, see "— Core Product: Utidelone Injection — Summary of Clinical Trial Results."

OUR TECHNOLOGY PLATFORMS

After nearly two decades of R&D, we have established robust technology platforms applying the synthetic biology for new drug development with progressiveness, originality, and sustainability, including a combinatorial biosynthesis, a microbial fermentation production, and a microbial drug formulation development platform. Leveraging these three platforms, we utilize technology of microbial small molecule drug development and production, enable targeted designs and synthesis of unnatural small molecule compounds, obtain target metabolites through environmentally friendly microbial fermentation and production methods, and conduct ongoing R&D of dosage forms. These three platforms span the entire lifecycle of new molecular structure drugs, from design, development to production, through which we have successfully developed Utidelone Injection. The technologies developed on the basis of the three platforms have evolved into our proprietary technologies, distinguished by their high technical barriers, being unique in the industry.

Combinatorial Biosynthesis Platform

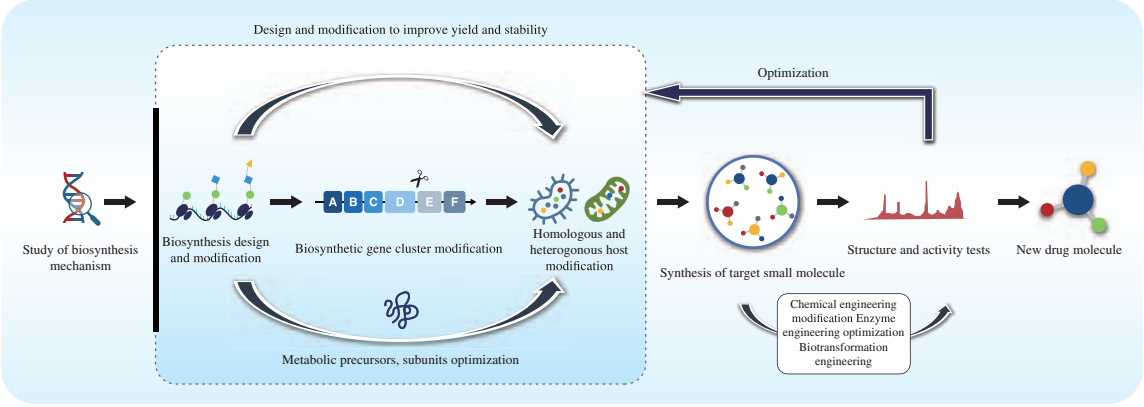
Core Technology

With the continuous advancement of biotechnology, synthetic biology is gradually being applied in the R&D of new drugs. Compared to the chemosynthetic method, the biosynthetic approach enables the synthesis of complex compounds with new structures that are challenging to produce via chemical synthesis or traditional fermentation. Our biosynthetic method also has advantages such as mild fermentation conditions, high efficiency, low production costs, environmental friendliness, and unlimited resource. The combinatorial biosynthesis is a further development of synthetic biology.

Polyketides, which are a large group of secondary metabolites that have notable variety in their structure and function, exhibit a wide range of bioactivities such as anticancer, antibacterial, antifungal, antiviral, immune-suppressing, anti-cholesterol, and anti-inflammatory activity. Biosynthesis of polyketides is very complicated because the process involves multifunctional function domains through polyketide synthases (PKSs) encoded by the biosynthetic gene clusters. The process includes many enzymatic reactions with different function domains such as acyltransferase (AT), which has a role in catalyzing the attachment of the substrate (e.g., acetyl or malonyl) to the acyl carrier protein (ACP), and ketosynthase (KS), which catalyzes the condensation of substrates attached in ACP. After condensation of the substrates, the reaction continues by incorporating ketoreductase (KR), which reduces keto ester, dehydratase (DH), which dehydrates the compound, and enoylreductase (ER), which reduces the carbon-carbon double bond in molecule and thioesterase, which cleaves the product from synthetase. The process catalyzed by KR, DH, and ER is optional in PKSs, which can give the various structures of polyketides with keto groups, hydroxyl groups, and/or double bonds in different locations of the molecule and provide the feasibility to create innovative molecule through synthetic biology.

However, during the biosynthesis process, the gene regulatory elements and function domains of polyketides and polypeptides function on the genome in "modular" forms as biosynthetic gene clusters, which makes their development genetically difficult. In addition, many R&D enterprises have insufficient technology and experience in the design and modification of microbial small molecule biosynthesis, which ultimately makes it difficult to create new drug molecules and realize large-scale production.

We have conducted in-depth research on biosynthetic mechanisms and pathways of various natural compounds of microbial metabolites. Utidelone is a epothilone analog in the class of polyketide and polypeptide complex. Epothilone biosynthesis gene cluster contains 47 function domains (KS, AT, ACP, etc.) spanning for more than 56 kilo-base pairs DNA clusters. Through our knowledge and extensive experience, we can modify specific functional genes with multiple modules and domains of the biosynthetic gene cluster in the organism's genome through methods such as rational deletion, insertion, replacement, and mutation in function domains, thereby directionally change the biosynthetic pathway of the microbial metabolite. Furthermore, we can enhance substrate and precursor utilization efficiency by blocking competitive pathways, strengthening precursor utilization metabolic pathways, and externally supplying precursors during the biosynthesis process. In addition, we can genetically engineer the host cells to accept unnatural precursors, so as to obtain the compounds of interest. Simultaneously, based on technologies such as genetical engineering, function domain DNA manipulation and transformative engineering, we can further optimize the structure of target compounds. Using these methods separately or with different combination of them, we are able to obtain new drug molecules with high druggability and higher industrialization value, such as increased yield of the compound and reduced ratio of the side products. Based on the structure-activity relationship (SAR) study, this technology can also modify the structure of known microbial metabolites with improved pharmaceutical properties in terms of efficacy, toxicity, stability, solubility and PK profile. The specific steps are as follows:



Establishment of biosynthetic pathways and mechanisms

The research of biosynthetic mechanisms of target compounds mainly includes cloning the biosynthetic gene cluster, dissecting and analyzing the functions of all genes of the clusters, and then establishing the biosynthetic pathways, so as to elucidate the synthetic and regulatory mechanisms for the synthesis process. In our research, we employ and intergrade multidisciplinary techniques including genomic comparisons, molecular genetics, bioinformatics, as well as other approach such as *in vivo* function domain heterologous expression, heterologous biosynthesis, compound feeding, function domain biochemical characterization, and molecular docking combined with site-directed mutagenesis. Through the exploration of genome and gene function, we have established the mechanisms for a number of target compounds with different mechanisms of action, leading to the successful development of Utidelone, as well as other new candidates, such as BG44, and BG18, laying a solid foundation for the creation of new anti-tumor drugs.

Rational design of target drug molecular structures

On the basis of our comprehensive understanding of the biosynthetic mechanisms, the SAR of small molecules and the mode of action of compounds of interest, we rationally design drug candidates employing various strategies to improve compounds with potential druggability. We integrate the expertise of medicinal chemists, biochemists and computer-aided drug design technology to discover more effective drugs with improved pharmaceutical properties. This step enables us to design drug molecular structures with low screening costs, low risk, short production cycle, and high success rate. After years of theoretical research and practice, we have accumulated extensive experience and technical know-how in designing molecular structures for polyketides and successfully applied it in the development of our Core Product and other drug candidates with different targets and modes of action.

Construction of genetic host systems for biosynthetic gene clusters

In the biosynthesis of polyketides, their gene regulatory elements and function domain systems play an important role in the microbial cells in a modular manner. Through the substitution and fusion between different modules, as well as the modification of special precursor units, more complex new compound molecules can be generated and their biological activity can be improved. We flexibly deploy biosynthetic gene cluster transformation technology to construct homologous or heterologous host systems, and continuously optimize the biosynthetic pathways, compound structures, yield, and druggability by modifying different modular elements, thereby achieving large-scale production of new compounds with clinical value in homologous or heterologous hosts.

- Precursor supply and optimization of microbial synthesis. The homeostasis of primary metabolism and secondary metabolism is the pivotal factor limiting the yield of target compounds, and how to augment the yield of target compounds represents a critical technical challenge in the field of combinatorial biosynthesis. We can enhance the utilization efficiency of substrate and precursor by blocking competitive bypasses, improving metabolic pathways for precursor utilization, and plenishing precursors *in vitro* during synthesis. In addition, we can also transform host cells through genetical

engineering to make them accommodate unnatural precursors so as to obtain novel "unnatural natural compounds". Through these methods, we can efficiently obtain new target compounds with high yields.

- Modification of polyketide gene clusters. The alteration of the metabolic pathway of polyketide mainly includes gene clusters and the regulatory metabolic pathways. This technology reflects our ability to genetically manipulate biosynthetic gene clusters to selectively targets various functional regions of the gene clusters in the genome of organisms, so as to optimize the metabolic pathway of microorganisms and obtain efficient genetically transformed engineering bacteria. In addition, the expression of polyketide synthesis gene clusters is tightly controlled by numerous regulatory factors. Through the transformation or modification of these regulatory factors, we can accurately regulate the secondary metabolic network of microorganisms.

- Construction and optimization of host systems. Currently, the development of heterologous host systems, such as *Escherichia coli*, *Saccharomyces cerevisiae*, and *Streptomyces*, is relatively advanced. However, these systems often come with drawbacks such as low yield of target products, complex and diverse fermentation product components, difficulty in separation and purification, and low purity of the target products. Meanwhile, although homologous host systems exhibit higher efficiency in synthesizing target compounds, they often come with drawbacks such as slow growth rate of bacterial strains, lack of genetic transformation and genetic manipulation tools. We have conducted extensive and long-term research on host systems, overcoming the aforementioned technical barriers. We have successfully constructed homologous and heterologous host systems capable of efficiently producing target products on a large scale. Simultaneously, our production methods and processes boast advantages in environmental protection, utilizing abundant resources, and maintaining mild fermentation conditions.

- Further optimization of target compounds. With genetical engineering, function domain engineering, transformative engineering, and other methods, we are able to incorporate functional units into new structural compounds, and we further optimize the structure of these generated target compounds through chemical engineering.

Advanced characteristics and applications

By focusing on the biosynthesis of polyketides and polypeptides over a long period of time, we have been able to flexibly apply synthetic gene cluster modification technology to construct homologous or heterologous host systems, and through the modification of these modular components, we have been able to continuously optimize the biosynthesis pathways, compound structures, yields, and druggability, thus realizing the large-scale production of innovative compounds with clinical value in homologous and heterologous hosts.

Utilizing the combinatorial biosynthesis platform, we find potent drugs with enhanced activity and reduced toxicity and pick out drug molecular structures with low costs and high druggability, achieving a high R&D success rate in a short cycle. In addition, we are able to achieve efficient and large-scale production of target products by directionally transforming biosynthesis-related gene clusters and host systems, optimizing microbial metabolic pathways, and constructing homologous or heterologous host systems. Moreover, with this platform, we can refine the structures of target compounds, reduce adverse events, improve pharmacokinetic properties, augment biological activity, enhance the druggabilities of target compounds, and ultimately obtain new drug molecules which are challenging to obtain through chemical synthesis.

Microbial Fermentation Production Platform

Core Technology

The microbial fermentation production level primarily depends on the genetic characteristics and culture conditions of bacterial strains. In most cases, the limited production yield of genetical engineering bacterial strains is the main reason that hinders their industrialization. We have successfully overcome the technical difficulties through: (1) utilizing our biosynthesis technology platform to obtain target compounds with industrialization potential in the early stage; (2) based on the in-depth research of synthetic biological mechanism, the genetical engineering bacteria growth kinetic curves, and fermentation process, achieving an optimal balance between strain growth and secondary metabolite synthesis through the supplementation of suitable metabolite precursors and nutritions, screening of media formulations, design of suitable culture conditions and optimization of key parameters of the fermentation process to enhance the production efficiency; (3) based on the research of fermentation kinetics, further enhancing the efficiency of our strain fermentation production, effectively improving the problem of low efficiency as traditional fermentation of genetical engineering bacteria, reducing the cost of drugs, and enhancing the commercialization potential.

Advanced characteristics and applications

Relying on the microbial fermentation production technology platform, we have successfully realized the industrial production of pharmaceuticals via microbial fermentation and established a complete system for the industrial production of innovative microbial metabolite drugs, which provides a reliable guarantee for the sustainable development of innovative drugs. Utilizing the microbial fermentation production Platform, we have successfully realized the large-scale production of Utidelone Injection.

Microbial Drug Formulation Development Platform

Core Technology

Under the leadership of Dr. Tang Li and Dr. Qiu Rongguo, who have over 40 years of experience in the biotechnology and biomedical field, we have successfully established a microbial drug formulation development platform. With the support of the microbial drug formulation development platform, we have independently developed our core technologies for production of oral capsules and injectables. We have been granted three patents relating to the preparation of Utidelone Injection and five patents relating to the preparation of Utidelone Capsule globally. These patents primarily cover excipients, formulations, and preparation processes. Through our dedicated efforts in these aspects, we have identified suitable excipients, designed appropriate formulations, and developed preparation processes, achieving the protection and preparation of the two formulations. The patents related to Utidelone Injection primarily involve a pharmaceutical formulation of de-epoxidized epothilone derivatives administered parenterally. By selecting specific solubilizer excipients, we successfully addressed the challenge of low solubility of de-epoxidized epothilone derivatives in aqueous media leading to drug precipitation and degradation, thus solving the bottleneck of microbial drug formulation preparation. The patents related to Utidelone Capsule primarily involve an oral formulation using Utidelone as an active ingredient and a preparation method thereof. By utilizing special sugar pellets fluidized-bed coating technology and selecting of specific sustained release excipients, as well as surfactant excipients, we successfully developed Utidelone oral formulation by enhancing solubility, absorption and bioavailability. For more information about the preparation of Utidelone Injection and Utidelone Capsule, please see "— Manufacturing Process — Manufacturing Process for Utidelone Injection" and "— Manufacturing Process — Manufacturing Process for Utidelone Capsule." These patents have covered all of the technical processes involved in the production of injectable or oral formulations. In addition to traditional injectable and oral formulations, we are also developing advanced complex drug delivery technologies, such as albumin-bound, micelle, liposome formulations, as well as the formulations of BG22, BG18 and BG44. As of the Latest Practicable Date, we filed 17 patent applications for the above-mentioned formulations. Through our analysis of structural physicochemical properties of microbial small molecule drugs, physiological and pathological features, and clinical application prospects, we developed diverse drug formulations by our technology platforms, namely, employing differentiated formula designs, preparation methods, production processes, and CQA controls, to improve the druggability of microbial small molecule compounds and enhance the convenience, safety profile, and efficacy of clinical drug application.

Oral formulation

The fundamental technology behind oral formulations lies in the design of drug formulations based on the physical and chemical properties of the drugs, ensuring that the drugs maintain quality stability throughout their lifecycle. Based on the clinical requirements, we employ various technical methods, such as controlling drug particle sizes, formulating compounds into highly soluble salts, embedding them within dissolvable frameworks, utilizing membrane-controlled coatings, to create different formulations that meet clinical needs. These formulations effectively tackle issues relating to low drug solubility and susceptibility to crystallization, enabling the control and maintenance of the release rate and release site of drugs.

Injectable formulation

The nanoparticle formulations for injectable developed by our injectable platform mainly consist of albumin, micelle, and liposomal nanoparticle forms. The primary technical challenge in developing liposomal nanoparticle dosage form lies in identifying the optimal drug formulation combination. This combination should possess high drug loading, stability, and physiological characteristics essential for clinical use according to the drug properties. CQAs encompass encapsulation efficiency, leakage rate, particle size, pharmacokinetic characteristics, and stability.

RESEARCH AND DEVELOPMENT

We believe R&D are critical to our future growth and our ability to remain competitive in the global biopharmaceutical market. With the benefit of our three key technology platforms, we are able to independently develop innovative drugs for the entire process of R&D. Our R&D team is extensively involved in substantial all stages of our clinical trials, including platform development, trial protocol design, production process, and management of our clinical trial programs. Leveraging our expertise in synthetic biology and advanced technology platforms, we develop compounds with strong druggability and potential for industrialization. This approach has enabled us to successfully undertake the industrial production of innovative drugs and the creation of new formulations. As is customary in the pharmaceutical industry, we engage experienced and qualified third parties such as CROs, SMOs and clinical research sites (hospitals) to conduct and support our preclinical studies and clinical trials under our close supervision and overall management. We

supervise the CROs and SMOs to ensure that they perform their duties in a manner that complies with our protocols and applicable laws and protects data integrity. So far, all of our product and product candidates have been developed in-house.

Going forward, we are seeking global opportunities for collaboration that could bring strategic synergies to our development. In pursuit of this objective, we may fully out-license out of China our product and product candidates or collaborate with partners for co-development, leveraging their expertise to expedite R&D or successful commercialization. We would take into consideration the varying levels of healthcare systems and regulations, cultural norms, as well as economic factors in different countries or regions when out-licensing our products. For example, we are inclined to license Utidelone Injection out in emerging developing countries or regions, while Utidelone Capsule may be preferred in developed countries or regions.

We have presented our product and product candidates at various international conferences, such as BIO International Convention and annual meeting of ASCO, to attract the interest of potential strategic partners. In addition, given that our Group has one commercialized product and several product candidates under late-stage clinical development, along with the competitive advantages demonstrated by Utidelone, such as its strong anti-tumor activity, good safety profile, broader anti-cancer spectrum, capability to penetrate the blood-brain barrier and constantly work against multidrug-resistant tumors, and being less prone to develop drug resistance, our Directors believe that we are well-positioned to form value-accretive partnerships with renowned pharmaceutical companies and anticipate considerable interest from pharmaceutical companies globally seeking collaboration with us. We have strict criteria for selecting such partners, mainly including (i) medical and clinical resources to advance our global clinical development, (ii) synergy between their specialized area and the indications that we are jointly concerned about or interested in, (iii) commercialization infrastructure, including a strong local salesforce, a broad distributor network, and a long-standing relationship with pharmacies or hospitals, (iv) experience in pharmaceutical industry, and (v) reputation in the local market.

As of the Latest Practicable Date, we were engaged in negotiations with 15 pharmaceutical companies for the out-licensing of Utidelone Injection in various overseas markets, including Europe, Latin America, the Middle East, North Africa, Japan, Canada, and Southeast Asia. Our negotiations with potential partners are at various stages. With some partners, we are close to reaching an out-licensing agreement. With others, we are still discussing non-binding term sheets or in the preliminary due diligence phase.

Generally, we would out-license pipeline assets for specific indications to our partners, and any expansion of indications by our partners will require the negotiation of additional agreements. We typically grant our partners the rights for both R&D and commercialization. We will retain the responsibility for supplying the products to our partners, as we will not transfer our manufacturing technologies to them. During our negotiations, we would also engage in detailed discussions, particularly focusing on the sales targets, financial terms, and termination provisions. Both parties would set a sales objective based on various factors such as the market potential and competitive landscape. The financial terms normally include upfront fees, royalties, and regulatory milestone payments. If our partner reaches specific sales objectives, we might also be entitled to receive sales

milestone payments. As for termination, if our partners fail to achieve essential research and development or sales objectives, we shall have the right to request for punitive damages or terminate our collaboration.

We anticipate entering into one out-licensing agreement for advanced breast cancer of Utidelone Injection with a European pharmaceutical company in the fourth quarter of 2024, which is expected to cover the markets of certain European and Asian countries. In addition, we expect to enter into other out-licensing agreements for Utidelone Injection in the first half of 2025, covering markets in Latin America, Middle East, and North Africa. The aforementioned out-licensing plans are subject to further negotiation and various commercial factors, including the current and future market conditions and trends. Regarding Utidelone Capsule, as of May 31, 2024, we were in negotiations with a company for its out-licensing in Europe and the United States. We anticipate making substantive progress in the first quarter of 2025, after the collection of mature clinical data from our clinical trials of Utidelone Capsule.

As of the Latest Practicable Date, we had no intention or plan to out-license or co-develop Utidelone Injection and Utidelone Capsule with other pharmaceutical companies in China.

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our R&D expenses amounted to RMB82.7 million, RMB126.5 million and RMB43.8 million, respectively. Such expenses mainly included staff costs, clinical expenses, technical service expenses, material expenses, and equity-settled share-based payment expenses during the Track Record Period. In particular, R&D expenses for our Core Product amounted to approximately RMB43.6 million, RMB50.0 million and RMB25.7 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, respectively. We expect that our R&D expenses will increase in line with the future growth of our business. As of the Latest Practicable Date, there were no legal claims or proceedings that may have an influence on the R&D for our Core Product.

In-house R&D

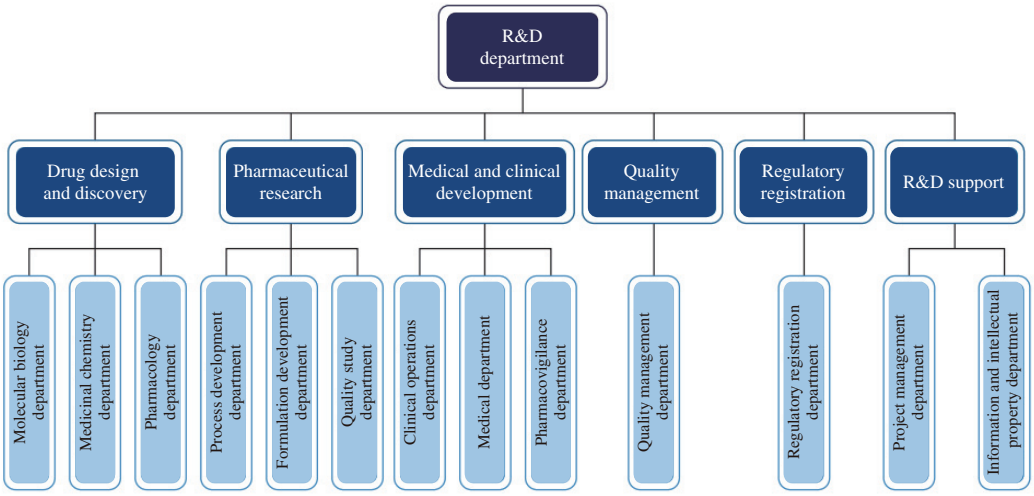
Our R&D Team and Structure

Our in-house R&D capabilities stand as a cornerstone of our competence. We possess a forward-looking and robust in-house R&D team enriched with extensive experience and knowledge to develop our pipeline. All of our products are exclusively developed in-house. As of May 31, 2024, our R&D team consisted of 55 members, with five core members, boasting expertise that spans various fields such as combinatorial biosynthesis technology and microbial fermentation production technology, and we had no R&D staff stationed in the United States. A majority of our key R&D personnel have over 10 years of experience in pharmaceutical industry. They possess robust backgrounds in project management for innovative drugs. Our R&D personnel have strong educational backgrounds, playing a central role in the development of our product and pipeline.

During the Track Record Period, only one out of our five core R&D personnel, namely Dr. Xie Heng (謝恆), resigned due to personal reasons. Given that: (i) his tenure being less than one year, his involvement in the R&D activities was limited; (ii) his commitment to non-competition and confidentiality terms assures that his departure did not significantly impact the R&D activities of our product and product candidates; and (iii) his responsibilities were promptly assumed by a new member of our core R&D personnel, the departure of this core R&D personnel did not have material impact on our operation. As of the Latest Practicable Date, our core R&D personnel comprised Dr. Tang Li (唐莉), Dr. Qiu Rongguo (邱榮國), Mr. Kong Rixiang (孔日祥), Mr. Zhang Cheng (張成), and Dr. Guan Jin (關津).

During the Track Record Period, 22, 17, and 7 R&D personnel joined our Company, respectively. In the meantime, 17, 13, and 5 R&D personnel departed from our Company for personal reasons, respectively. According to Frost & Sullivan, such movement is not uncommon within this industry, where professionals frequently explore new opportunities or prioritize personal pursuits. Given that most of departed R&D personnel were clinical research assistants and processing research assistants and they were primarily engaged in routine R&D activities, we are able to swiftly fill these positions with suitable candidates, and their departure had no adverse impact on our R&D activities.

To maintain continuous innovation of our technology and ensure the sustainability of product development, we are committed to an ongoing enhancement of our R&D capability. The following diagram sets forth the structure of our R&D department.



Drug Design and Discovery Division. Our drug design and discovery division plays a fundamental role in our development of innovative drugs to address medical needs. It aims to design and develop innovative drugs with independent intellectual property rights that are in line with our development strategy. Our drug design and discovery division consists of three functional teams as follows: (i) the molecular biology team for synthetic biology, which is mainly responsible for the analysis of biosynthetic gene clusters, elucidation of biosynthetic mechanisms and pathways, homologous and heterologous host expression, enzyme engineering, and the development of new molecular biology technologies; (ii) the medicinal chemistry team, which engages in the semi-synthetic modification of natural microbial small molecule compounds and the early development of synthetic processes; and (iii) the pharmacology team, which is responsible for the study of drug action targets and mechanisms of lead compounds, preclinical pharmacology, efficacy and toxicology research and evaluation of candidate drugs, providing support for clinical research of new drugs.

Pharmaceutical Research Division. Our pharmaceutical research division provides support throughout the drug development process. The team consists of the process development team, the formulation development team and the quality study team. The process development team is mainly responsible for the development, research and technology transfer of API synthesis processes to ensure the supply of APIs for research. The formulation development team is mainly responsible for designing and developing drug formulations, prescriptions, production processes and technology transfer to ensure the supply of drugs during the clinical research phase. The quality study team is mainly responsible for the quality analysis work during the R&D process of APIs and drug formulations, including the development, verification, transfer, stability research of analytical methods and establishment of quality standards.

Medical and Clinical Division. Our medical and clinical development division is mainly responsible for formulating clinical development strategies for the purpose of supporting drug registration and marketing, including clinical trial design and protocol writing. The medical and clinical development team consists of the clinical operations team, the medical team and the pharmacovigilance team. The clinical operations team is responsible for the operations of clinical trials, including the design of clinical trial plans and investigating and analyzing the feasibility of trial projects, formulating clinical trial budgets and schedules, CRO management, selection of clinical trial centers, and execution and quality control of clinical trials. Our clinical operation team ensures that the clinical trials comply with the set protocol and relevant regulatory requirements through strict project management and clinical trial quality control so as to obtain high-quality clinical data for NDA submission. Our medical team leads the design of clinical trial plans and is mainly responsible for medical supervision, support and data monitoring during clinical trials, and the supporting of the post-marketing research. The Pharmacovigilance team is mainly responsible for pharmacovigilance work during the clinical trial stage and post-marketing, including collecting, reviewing and analyzing drug safety-related information, and reporting and processing in accordance with legal and regulatory requirements.

Quality Management Division. Our quality management division is responsible for establishing and maintaining a quality management system from drug R&D to commercial transformation in accordance with legal and regulatory requirements, reviewing and managing material suppliers and entrusted service providers, supervising R&D activities, production process and business operation of drugs, and ensuring compliance with laws, regulations and the Company's internal quality requirements, as well as recording and preserving R&D documentations and records.

Regulatory Registration Division. Our regulatory registration division is mainly responsible for (i) formulating our project registration strategy; (ii) registration filings, including writing and preparing drug registration application materials and submitting Pre-IND, IND, Pre-NDA and NDA applications to domestic and foreign drug regulatory authorities, clinical period and post-marketing variety change applications, and post-marketing drug re-registration; (iii) guiding and evaluating the progress of various professional R&D projects; (iv) organizing communication with regulatory authorities; and (v) coordinating the completion of series inspections and reviews from the relevant authorities, such as sample inspection and standard review, Pharmacopoeia Commission common name approval, production site inspection, and GMP inspections.

R&D Support Division. Our R&D support division is mainly responsible for R&D planning and intellectual property management according to our development strategy. The R&D support team consists of the project management team and the information and intellectual property team. The project management team is responsible for preparing our R&D project plan and selecting development projects and investable cooperation projects, conducting feasibility studies on candidate projects and organizing feasibility report reviews, supervising and managing progress of project approvals, and organizing declaration of projects that comply with policy support. The information and intellectual property team is mainly responsible for collecting and compiling pharmaceutical industry policies and development information as well as analyzing and refining data from it, conducting patent inquiries on selected projects, and protecting and maintaining our intellectual property rights.

The following table sets forth the role and contribution, number of our R&D personnel, as well as the programs they involve in for the years indicated:

Function	Role and Contribution	As of December 31, 2022	As of December 31, 2023	As of May 31, 2024	Program
Core	• R&D plan formulation • budgeting • project management • trial design • registration strategy formulation • regulatory authority liaison	5	5	5	All programs
Non-clinical	• API process development and optimization through combinatorial biosynthesis platform • formula and process formulation through microbial drug formulation platform • preclinical study including pharmacokinetic, pharmacodynamic, and toxicity studies	17	17	17	Programs involving non-clinical studies
Medical	• protocol writing • patient recruitment screening • medical monitoring • clinical report writing	10	14	14	Clinical programs
Clinical operation	• Cooperation with and supervision of CROs (ensuring their performance to comply with protocols and applicable regulations)	16	13	14	
Process technology transition	• Process control and transition (scaling up the production of compounds from laboratory scale to industry scale)	1	4	5	Programs related to Utidelone API, Utidelone Injection, and Utidelone Capsule

R&D personnel from various functions are working systematically and efficiently under the leadership of our core R&D personnel. In particular, non-clinical R&D personnel are under the leadership of Mr. Kong Rixiang (孔日祥); clinical operation R&D personnel are under the leadership of Dr. Tang Li (唐莉), Dr. Qiu Rongguo (邱榮國), and Dr. Guan Jin (關津); process technology transition R&D personnel are under the leadership of Mr. Zhang Cheng (張成).

We have 9 programs in their early stages, such as preclinical and IND application stages. These programs do not necessitate significant manpower because (i) leveraging the key synthetic biology-based technology platforms, a small number of non-clinical R&D personnel suffice to accomplish tasks pertaining to API process development and optimization and formula and process formulation; and (ii) with respect to preclinical studies, we choose to collaborate with CROs to conduct these studies. Likewise, for clinical programs, given that we primarily commission CROs to conduct clinical trials, with our clinical operation personnel mainly in charge of supervising CROs to ensure their performance in a manner that complies with protocols and applicable laws, the current staffing arrangement is also sufficient to proceed with clinical tasks.

R&D Process

The following are the key steps of our R&D process, from project initiation to clinical study and NDA submission:

- **Project Initiation.** Before initiating a project, our R&D Support team would conduct a comprehensive analysis based on the latest innovations and medical developments in the relevant therapeutic areas, with the aim to assess the market size, patentability, competitive landscape and potential risks involved in a proposed project.

- **New drug discovery.** By selecting lead drugs, drug target validation, studying on biosynthetic mechanisms, and selecting drug candidates, we choose drugs for preclinical studies.

- **Preclinical Studies.** After selecting a candidate compound, we conduct preclinical studies on it, including preclinical PK and PD studies, preclinical toxicology studies, and CMC studies.

- **IND Application.** Upon completion of the preclinical studies, we prepare IND applications in accordance with the requirements of the relevant drug regulatory authorities and submit the application.

- **Clinical Trial.** After obtaining IND approval, we start clinical trials for new drugs. In Phase I clinical trials, we primarily conduct preliminary clinical pharmacology and human safety evaluation tests, with the main purpose being the observation of the degree of human tolerance to the drug and PK, in order to provide a basis for the development of the drug delivery program. In Phase II clinical trials, we focus on the efficacy and safety of drugs, with the primary objective of initially evaluating the therapeutic effects and safety of the drugs in patients, providing a basis for the design of Phase III clinical trial studies. In Phase III clinical trials, we mainly conduct confirmatory studies on the efficacy and safety of clinical drugs, with the main objectives of further verifying the therapeutic effects and safety of the drugs. We evaluate the relationship between benefits and risks, and collect sufficient supporting data for the NDA.

- **Application for marketing of new drugs.** If the safety and effectiveness of a drug have been proved in clinical trials. Once the requirements for the manufacturing process, quality control and GMP are met, we can then apply for an NDA with the regulatory authority.

- **Post-marketing studies.** The purpose of post-marketing studies on new drugs is to examine the efficacy and adverse effects of the drugs under broad usage, to evaluate the benefits and risks in the general populations or specific groups of population, and to explore better dosing regimens. Post-marketing studies are mainly self-initiated or may be conducted at the discretion of drug regulatory authorities.

Collaboration with Third Parties in Research and Development

We collaborate with third parties such as CROs, SMOs and clinical research sites (hospitals) to conduct and support our preclinical studies and clinical trials, which is in line with the general practice in the industry. The third parties we collaborate with are primarily CROs. We select our CRO partners by weighing various factors, such as qualifications, technology and pricing. Depending on the type of services needed, we enter into service agreements with our CRO partners on a project basis, which set out detailed work scope, sample size, procedures, deliverables, timeline and payment schedule. We closely supervise our CRO partners to ensure their performance 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 CRO partners are set forth below:

- **Services.** The preclinical study services they provide, such as animal studies, are primarily related to pre-clinical pharmacology, pharmacokinetic and toxicology toxicity of our drug candidates in accordance with our study design. The clinical trial services they provide primarily include patient recruitment, drug administration, trial observation, data management and statistical analyses, site management, and execution of laboratory tests and other required tasks tailored to our needs.

- **Term.** Our CRO partners are required to perform their services within the prescribed time limit set out in each order, usually on a project basis.

- **Payments.** We make payments to our CRO partners in accordance with the payment schedule agreed between the parties.

- **Intellectual property rights.** All intellectual property rights arising from preclinical and clinical trials are owned by us.

- **GCP compliance**. We require our CRO partners to conduct clinical trials in accordance with international GCP standards. Typically, we require the CRO personnel handling our clinical trials to hold GCP certification or have GCP training experience.

During the Track Record Period, we engaged 10, 21, and 14 CRO partners, respectively, to manage, conduct and support our preclinical studies and clinical trials, with the amount incurred on them of RMB30.5 million, RMB69.5 million, and RMB12.4 million, respectively. The increase in the expenses on CROs during the years ended December 31, 2022 and 2023 was mainly driven by an increase in the CRO service fees in relation to the IITs for our Core Products. The significant increase in the number of CRO partners is because throughout 2023 (i) we initiated several new trials in China, such as the phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant and the phase III clinical trial of Utidelone Injection for NSCLC in China, and these clinical trials were conducted by CRO partners commissioned by us; and (ii) we collaborated with more CRO partners to advance our programs, such as the phase III MRCT of Utidelone Injection for advanced breast cancer and the phase I clinical trial of Utidelone Capsule in the United States.

The following table sets forth details of our five largest CROs during the Track Record Period. To the best of our knowledge, all our five largest CROs during the Track Record Period are Independent Third Parties to our Group, our employees and former employees.

CRO	Principal business	Service provided	Number of clinical programs	Transaction amount (RMB'000)	Date of establishment	Registered capital	Location
For the year ended December 31, 2022							
Company G[1]	Real-world research and case studies	Management of real-world research projects	1	9,464	2021	RMB5 million	Tianjin
Hangzhou Tiger Consultation Co., Ltd. (杭州泰格醫藥科技股份有限公司)	Technology development, management and statistical analysis of clinical trial data	Management of clinical projects, clinical monitoring, medical monitoring	1	5,770	2004	RMB87.2 million	Zhejiang
CRO B[2]	Drug safety assessment and monitoring throughout the entire lifecycle	Preclinical animal studies	—	4,417	1998	RMB381 million	Beijing
Company H[3]	Technical promotion services and medical research	IIT trial protocol design, project management, medical support	10	4,345	2016	RMB2 million	Beijing
CRO D[4]	Comprehensive planning, management, and implementation of clinical evidence-based research projects for various pharmaceutical products	IND application	2	1,748	2015	N/A	Maryland

CRO	Principal business	Service provided	Number of clinical programs	Transaction amount (RMB'000)	Date of establishment	Registered capital	Location
For the year ended December 31, 2023							
Company H[3]	Technical promotion services and medical research	IIT trial protocol design, project management, medical support	17	9,285	2016	RMB2 million	Beijing
Company J[5]	Medical device technology, medical research and experimental development	Management and statistics of real-world data, medical writing	1	8,627	2021	RMB5 million	Hunan
Hangzhou Tiger Consultation Co., Ltd. (杭州泰格醫藥科技股份有限公司)	Technology development, management and statistical analysis of clinical trial data	Management of clinical projects, clinical monitoring, medical monitoring	1	6,903	2004	RMB87.2 million	Zhejiang
Company K[6]	Health consulting services, medical research and experimental development	IIT trial protocol design, project management, medical support	12	6,746	2018	RMB10 million	Beijing
CRO G[7]	Technical consulting, technical services, and technical intermediaries in the field of medicine	Management of clinical projects, clinical monitoring, medical monitoring	1	6,494	2004	RMB14.3 million	Shanghai
For the five months ended May 31, 2024							
Hangzhou Tiger Consultation Co., Ltd. (杭州泰格醫藥科技股份有限公司)	Technology development, management and statistical analysis of clinical trial data	Management of clinical projects, clinical monitoring, medical monitoring	2	4,626	2004	RMB87.2 million	Zhejiang
Company M[8]	Clinical research services, medical writing, and statistics services	Management of clinical projects, clinical monitoring, medical monitoring	1	3,808	2013	RMB144.6 million	Beijing
Company N[9]	Registrational clinical trials and post-marketing re-evaluation of clinical studies	Clinical research coordinator	1	2,118	2009	RMB1,318.2 million	Guangzhou
CRO B[2]	Drug safety assessment and monitoring throughout the entire lifecycle	Preclinical animal studies	3	1,633	1998	RMB381 million	Beijing
Company G[1]	Real-world research and case studies	Management of real-world research projects	1	1,245	2021	RMB5 million	Tianjin

Notes:

(1) Company G is a private company with limited liability, headquartered in Tianjin.

(2) CRO B is a listed company that is listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, headquartered in Beijing.

(3) Company H is a private company, which was established in 2016 and deregistered due to termination of business in February 2024.

(4) CRO D is a company located in Maryland, USA, aimed at accelerating the modernization and internationalization of the pharmaceutical industry.

(5) Company J is a private company with limited liability, headquartered in Changsha. It is an AI-based CRO service provider.

(6) Company K is a private company with limited liability, headquartered in Beijing. It is a digital integrated service platform for the medical big health industry.

(7) CRO G is a private company with limited liability, headquartered in Shanghai. It is one of the earliest established clinical contract research organizations in the PRC.

(8) Company M is a private company with limited liability headquartered in Beijing. It has the capacity to manage clinical trials in up to 70 regions throughout the Asia-Pacific region.

(9) Company N is a private company with limited liability headquartered in Guangzhou. It has established subsidiaries or offices in many major cities across China.

Should there be any material disruptions to the operations and milestone schedule of the CROs we collaborate with, our current and expansion activities in the global markets (in the U.S. or other jurisdictions) may be adversely impacted. Please refer to "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 (including IITs). If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, or experience delay in doing any of the foregoing, and our business could be substantially harmed." However, we will take measures, such as timely seeking substitute CROs on commercially reasonable terms, to ensure such impact would have no material adverse impact on our business, financial position and results of operations. For example, due to the unsatisfactory quality of services rendered by Company H, we terminated our collaboration with it in August 2023. The 17 IITs Company H was involved in were mainly related to the combination regimen of Utidelone Injection with other drugs such as Inetuzemab, Carilizumab, Etoposide and Bevacizumab in the treatment of breast cancer, prostate cancer, NSCLC, and gastric cancer. Prior to the termination of collaboration with Company H, we had been seeking suitable substitute CROs based on the consideration of their capability, track record of conducting research projects and experience in collaborating with investigators, among others. Save for the IITs that had been completed during the Track Record Period, the remaining IITs Company H was involved in have been taken over by other CROs. In addition, CRO G is undergoing liquidation. The clinical trial CRO G was involved in was related to the efficacy and safety profile of Utidelone Injection in the neoadjuvant treatment for breast cancer. See "— Our Product and Pipeline — Summary of Clinical Trial Results — Phase

III clinical trial of Utidelone Injection for breast cancer neoadjuvant." Following the commencement of liquidation of CRO G, we expeditiously started to select a suitable substitute CRO from our existing CROs, and the clinical trial was taken over by Hangzhou Tiger Consultation Co., Ltd.. As a result, following the termination of our collaboration with Company H and CRO G, we timely and successfully assigned the respective clinical trial and IITs the two companies were involved in to substitute CROs, ensuring the clinical trial and IITs be conducted without material interruptions to the relevant plans and schedule. Based on the number of competent CRO substitutes available, our Directors are of the view that the deregistration and/or liquidation of the CROs would not impair the status and quality of our R&D work and results in any material adverse impact to us.

During the Track Record Period, we cooperated with a number of principal investigators (PIs) to conduct clinical trials of our product candidates. To the best of our knowledge, none of them has any past or present relationships with our Group, our Directors, senior management or any of their respective associates. The PIs are responsible for conducting site-level clinical research activities according to our trial protocols and in accordance with laws, regulations, and the GCP Guideline, a quality standard for the overall conduct of clinical trials. Each trial has a leading PI with primary responsibility to ensure compliance with trial protocol and good clinical practice over the entire trial. Through the trial process and with the assistance of CROs, we closely monitor trial activities, conduct ongoing risk assessments and safety evaluation, review protocol-deviated cases, and review clinical data to protect the safety of subjects and ensure the integrity of trial results. We collect and analyze trial data to prepare documents for regulatory approvals of our product candidates. The roles and responsibilities of the PIs in our clinical trials are in line with industry norm. To avoid any potential conflict of interests, we do not have any agreements with or make any payment to the PIs directly. We conduct our clinical trials in China in line with the industry norm and enter into agreements with the hospitals that the PIs are associated with and settle the fees and expenses with those hospitals directly, in line with applicable laws and regulations.

R&D Facilities

As of the Latest Practicable Date, our R&D activities were primarily conducted in Beijing and Chengdu in China. Our R&D facilities are equipped with advanced equipment and workspace to facilitate the R&D of drug discovery, pharmaceutical development, process development, as well as clinical operations, medical affairs, and regulatory matters.

Investigator-initiated Trials (the "IITs")

We also partially fund IITs related to the Core Product. IITs refer to the non-registrational clinical trials initiated and conducted by investigators, who conceived the research, design and protocol. IITs are conducted for the purpose of probing into the potential new indications and combination regimens of approved drugs rather than for registering new drugs, whereas registered clinical trials are conducted upon the approval of IND application by the NMPA and for the purpose of drug registration.

As an innovative drug with broad spectrum property, Utidelone Injection has potential for being used for a wide range of indications and in combination with other treatments, rendering opportunities for investigators to conduct research and trials. Following the approval for Utidelone Injection by the NMPA in 2021, we began providing support to investigators for conducting the IITs with a view to further obtaining relevant research data for exploring the expansion of indications and potential combination regimens. We leverage the research data to understand the safety and efficacy of Utidelone Injection in the treatment of potential indications and the potential new combination regimens with other drugs, which directs us to advance to respective registered clinical trials, NDA and the inclusion in CSCO Guidelines. Compared with registered clinical trials that typically require significant capital resources, IITs provide us with a relatively time- and cost-efficient way to screen out the potential indications and combination regimens worthy of clinical trials. Based on the aforementioned reasons, we are of the view that the main purposes for our support for IITs are as follows:

(i) IITs are crucial for understanding the performance of Utidelone Injection in real-world applications, which facilitate and speed up the collection of data on the safety and effectiveness of Utidelone Injection in the real world;

(ii) IITs enhance the awareness of more Chinese researchers and doctors of Utidelone Injection for its safety and effectiveness, facilitating the penetration of Utidelone Injection into the market in China;

(iii) IITs increase the possibility to study Utidelone Injection in combination with other anti-cancer drugs or for therapy of other indications and in turn could better cater to patients' needs;

(iv) IITs can procure pertinent data more efficiently, consequently guiding and supporting registered clinical trials; and

(v) The average expenses funded by us on an IIT are significantly lower than the average expenses on a registered clinical trial.

IITs are conducted by investigators under the oversight of the National Health Commission of the People's Republic of China (the "**NHC**"). Pursuant to the Regulation on the Investigator-Initiated Trials Conducted by Medical Institutions (For Trial Implementation) (《醫療衛生機構開展研究者發起的臨床研究管理辦法(試行)》) promulgated by the NHC and effective on October 1, 2021, the investigators and the hospitals where the IITs are conducted should assume the responsibility for conducting the IITs in accordance with relevant standard and requirements. In comparison, registered clinical trials are conducted by us and we assume the responsibility for applying, registering and conducting the registered clinical trials under the relevant laws and regulations. Please refer to "Regulatory Overview — Overviews of Laws and Regulations in the PRC — Principal Regulatory Provisions — Laws and Regulations on New Drugs."

During the Track Record Period, we partially funded more than 40 IITs related to the Core Product to expand new indications and combination regimens with other drugs. These IITs were led by more than 40 principal investigators. As reputable oncologists, these principal investigators were department directors or chief physicians from more than 25 top-tier hospitals in China, most of which were grade A tertiary hospitals. The hospitals assumed the full responsibilities to prepare the standard operating procedures and conduct the IIT in compliance with relevant laws and regulations. We do not control the behavior of the investigators, nor the progress of these IITs or the accuracy or integrity of the data generated from these IITs. Due to confidentiality, investigators of these IITs would not share research data with us until the IITs are completed and publicized. To the best knowledge of our Directors, apart from the IITs completed during the Track Record Period, the ongoing IITs are estimated to be completed in one to four years, subject to various factors such as the discretion of the investigators and the availability of eligible patients. Usually, we enter into agreements with the hospitals where the IITs are conducted, with the principal investigators signing on behalf of the hospitals. The salient terms of the agreements for IITs that we typically enter into with the hospitals are set forth below:

- **Responsibilities.** As the sponsor of the IIT, the hospital independently assumes the legal responsibilities with regard to the IIT and is solely responsible for preparing the standard operating procedures and conducting the IIT. Our Group is not a sponsor of the IIT, and our Group is only responsible for the provision of Utidelone Injection and funds to facilitate the IIT.

- **Intellectual properties.** The research data and results derived from the IIT shall be the property of the hospital. Our Group may utilize all such data and results to apply for patents.

- **Termination.** The agreement remains effective until the final report of the IIT is publicized.

- **Confidentiality.** Parties to the agreement shall not disclose research information relating to the IIT without prior written consent from each other.

Usually, to enable the seamless conduction of the IITs and ensure that the data of high-quality, integrity and authenticity be timely delivered in accordance with the relevant protocols, CROs would be engaged for services such as collection, management, and analysis of data of the IITs. Such CROs are engaged based on the consideration of their capability, track record of conducting research projects and experience in collaborating with investigators, among others. Moreover, as part of the support offered to the hospitals and principal investigators, we would cover the fees for CRO services. According to Frost & Sullivan, such arrangement is in line with the common industry practice. During the Track Record Period, our expenses on IITs mainly comprised (i) CRO service fees, and (ii) other expenses, mainly relating to material costs of the Utidelone Injection we donated, insurance policy, and funds provided to hospitals. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, CRO service fees in relation to the IITs amounted to RMB4.6 million, RMB40.2 million and RMB2.6 million, respectively; and for the same periods, other expenses amounted to RMB2.7 million, RMB8.4

million and RMB0.4 million, respectively. As of May 31, 2024, we had made payment of RMB63.7 million for the IITs, and the remaining amount to be paid by us was RMB25.4 million for the IITs according to the agreements. We plan to continue exploring new opportunities for the Core Product and partially funding the remaining ongoing IITs that were launched during the Track Record Period. See "Future Plans and Use of Proceeds — Use of Proceeds."

R&D Capabilities in the U.S.

With regard to the clinical trials of Utidelone Injection in the U.S., we (i) have obtained approval to conduct clinical trials of Utidelone Injection for treatment of advanced breast cancer to commence phase III clinical trials in the second half of 2024; (ii) have completed clinical site screening visits in the United States for phase II part of the phase II-III clinical trial of Utidelone Injection for the advanced NSCLC with an anticipated NDA submission in 2027; (iii) have obtained ODD approval from the FDA for breast cancer brain metastasis and plans to submit an IND application for a pivotal clinical trial, which is expected to initiate in the United States in the second half of 2024; and (iv) plan to submit an IND application to the FDA for phase II clinical trials for the treatment of glioblastoma in the fourth quarter of 2024, further expanding the application scope of Utidelone Injection for brain tumor. In addition, in terms of Utidelone Capsule, if the phase I study is successfully concluded we plan to advance the pivotal study in the U.S. in the second quarter of 2024 and have obtained ODD approval for advanced gastric cancer.

We believe that we possess the readiness and capability to conduct clinical trials in the U.S., benefiting from (i) the future collaborations with third-party licensees on R&D assignments, (ii) our forward-looking and robust in-house research and development team, (iii) our strong capabilities and rich experience in managing and collaborating with the CROs, and (iv) our global portfolio of patents and the presence in the U.S. with the wholly-owned subsidiary.

(i) ***Collaboration and out license***. We plan to license the ex-China rights of Utidelone Injection and Utidelone Capsule to appropriate third-party licensees. Once an agreement is in place, we could fully out-license or collaborate with the licensee for co-development. As of May 31, 2024, we were in negotiations with a number of potential partners outside of China for out-licensing Utidelone Capsule and Utidelone Injection. Please refer to the section headed "Business — Research and Development" in the prospectus for details of selection criteria for such licensees. Upon successfully licensed, we aim to jointly conduct MRCTs with these partners. Such collaboration would empower us to conduct clinical trials in the U.S. in a cost- and time-efficient manner, help mitigating the risks associated with the regulatory approval process;

(ii) ***Strong in-house research and development team***. We possess a forward-looking and robust in-house R&D team enriched with extensive experience and knowledge to develop our pipeline. Led by the co-founders, Dr. Tang Li and Dr. Qiu Rongguo, our R&D team possesses robust backgrounds in project management for innovative drugs. Our R&D personnel have strong educational backgrounds, playing a central role in the development of our products and pipeline. All of our products are exclusively developed in-house. With the sophisticated R&D team, we possess the capability of designing and developing

innovative drugs with independent intellectual property rights, formulating clinical development strategies for the purpose of supporting drug registration and marketing, establishing and maintaining a quality management system from drug R&D to commercial transformation, and completing registration filings. In the future, we plan to further strengthen its clinical research and bring in professionals with extensive international clinical operation experience;

(iii) ***Collaboration with CROs***. We plan to continue developing close partnerships with global CROs. Leveraging the profound knowledge, technological prowess and adequate R&D task force of such CROs, we expect to ensure that trials are conducted with the standards of accuracy and data quality. We are of the view that benefiting from the collaboration with CROs, we could streamline our operations and improve trial feasibility and outcomes, thus being well-prepared and capable of conducting clinical trials in the U.S. For example, leveraging the strong capability and rich experience in managing and collaborating with the CROs in China, we have engaged a CRO to conduct phase I clinical trial of Utidelone Capsule in the U.S., which has been successfully completed. In addition, we have also collaborated with a CRO for the Utidelone Injection NSCLC MRCT; and

(iv) ***Global portfolio of patents and the presence in the U.S***. We have a global portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we had three issued patents in the U.S. In addition, we established a wholly-owned subsidiary Biostar Pharma, Inc., on April 27, 2022 in the United States, allowing us to establish more efficient and responsive collaborations with its U.S. partners on clinical projects in the U.S.

Currently, we are advancing the phase III MRCT of Utidelone Injection for advanced breast cancer and the phase II-III MRCT of Utidelone Injection for advanced NSCLC. In the meantime, we plan to initiate a phase II clinical trial of Utidelone Injection for breast cancer brain metastases in the United States in the second half of 2024, as well as a phase II clinical trial of Utidelone Injection for glioblastoma following the submission of the IND application to the FDA. For Utidelone Capsule, we plan to submit IND applications to the FDA for advanced gastric and ovarian cancers. For more information, see "— Core Product: Utidelone Injection — Clinical Development Plans" and "— Utidelone Capsule — Clinical Development Plans."

For our ongoing clinical trials in the United States, we are collaborating with local CROs to manage and conduct these trials, and we have personnel in China responsible for directing and supervising these trials conducted within the United States, including three core R&D personnel, two function heads, and two project managers. Currently, our collaborations are progressing smoothly. Looking ahead, we intend to expand our partnerships to engage more CROs for the purpose of conducting the aforementioned trials within the United States. This strategic initiative aims to leverage diverse expertise and resources, thereby enhancing the scope and impact of our research endeavors.

MANUFACTURING

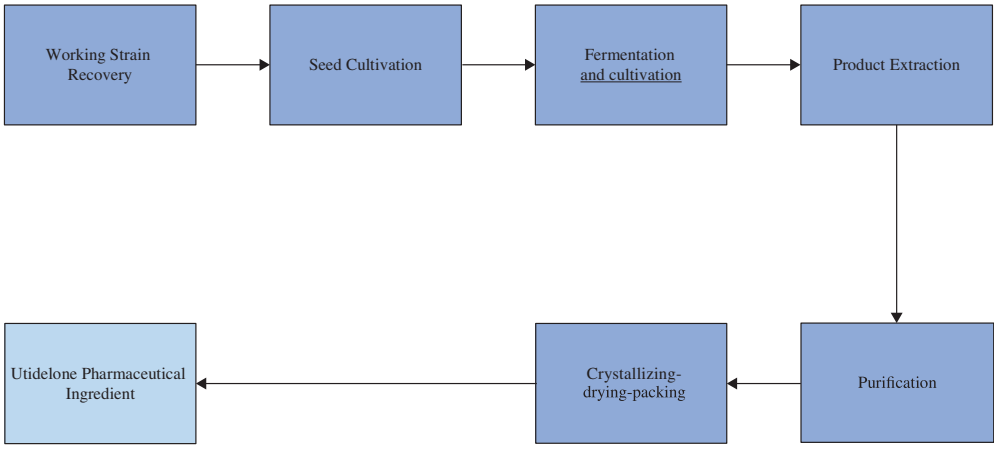
Manufacturing Team

We have established a professional manufacturing team with rich professional knowledge and practical experience. As of May 31, 2024, our manufacturing team consisted of 44 professionals. The majority of the core members of this team have more than 10 years of experience in manufacturing, quality control, and GMP compliance, and possess an in-depth understanding of relevant laws and regulations relating to medicine administration. Moreover, we have in place policies aimed at attracting and training young talents to enhance our in-house technical capabilities.

Manufacturing Process

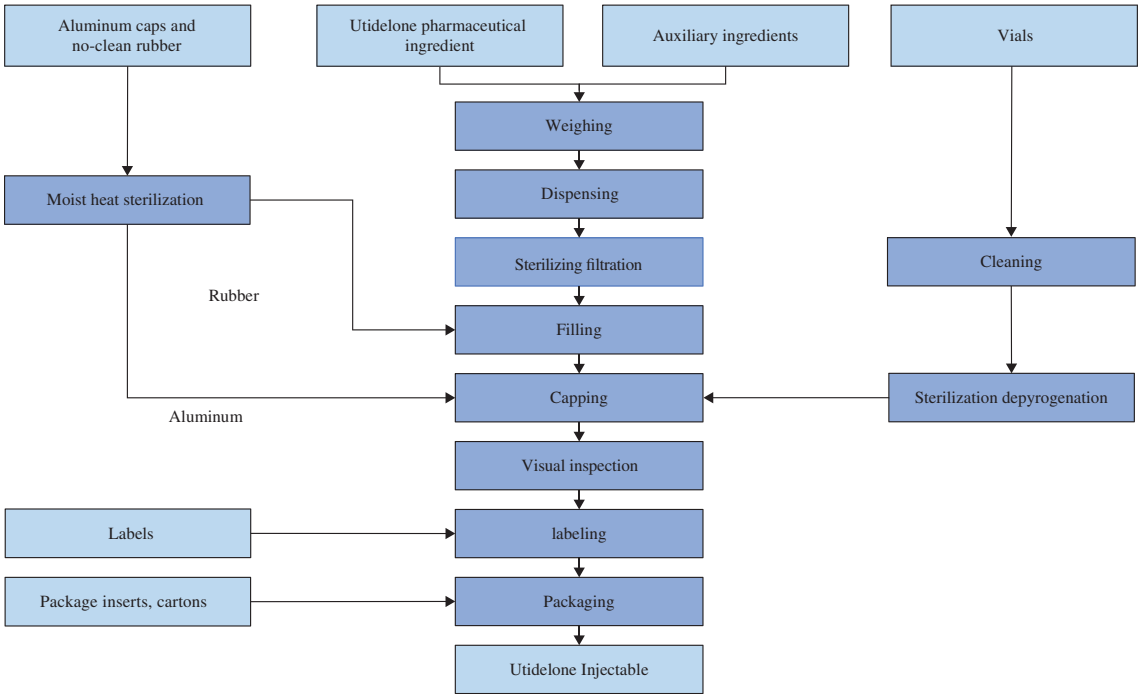
Manufacturing Process for API of Utidelone

The manufacturing process for API for Utidelone mainly includes working strain recovery, seed cultivation, fermentation and cultivation, product extraction, purification, and crystallizing-drying-packing. The diagram below highlights the key steps in producing API of Utidelone:



Manufacturing Process for Utidelone Injection

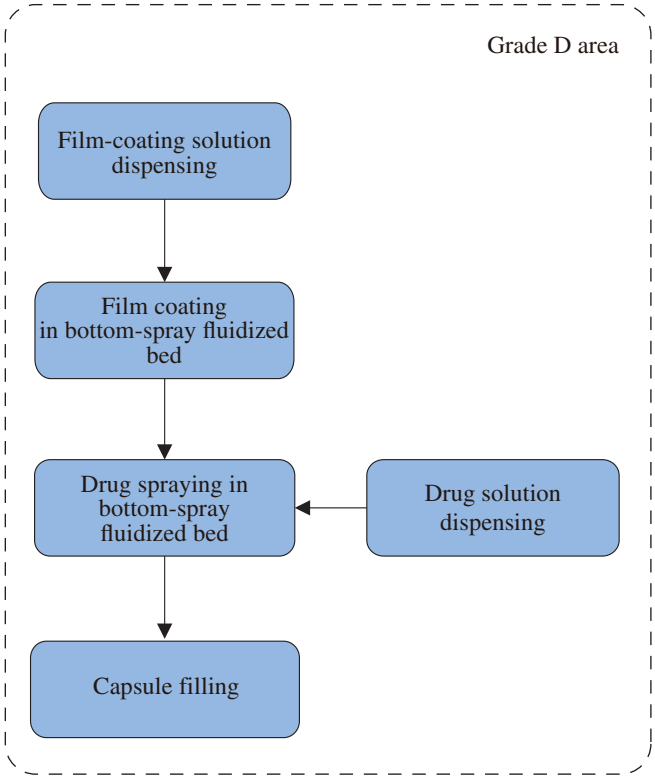
The manufacturing process for Utidelone Injection mainly includes weighing, dispensing, sterilizing filtration, filling, capping, visual inspection, labeling and packaging. The below manufacturing process diagram highlights the key steps in producing Utidelone Injection:



Manufacturing Process for Utidelone Capsule

The manufacturing process for Utidelone Capsule mainly includes film-coating solution dispensing, film coating in the bottom-spray fluidized bed, drug spraying in the bottom-spray fluidized bed, drug solution dispensing, and capsule filling. All our manufacturing processes are carried out in the Grade D clean area.

Below is the manufacturing process diagram that highlights the key steps in producing Utidelone Capsule:



Manufacturing Facility

As of May 31, 2024, we operated one manufacturing facility in Chengdu, which comprises two phases. We completed the construction of the phase I manufacturing facility in October 2017, which passed the GMP inspection in 2020 and was primarily used to produce Utidelone Injection and Utidelone API. Backed by a robust quality management system and stable industrialization capability, our manufacturing facility could cover the entire drug substance production process and small-volume injection production process efficiently, ensuring the quality and output for our R&D and sales activities. Our manufacturing facility is equipped with advanced automatic systems, such as the microbial fermentation system, purification system, and refining-drying-packing system, which can significantly improve efficiency and reduce manufacturing costs. The current capacity of our manufacturing facility enables us to produce 500,000 vials of Utidelone Injection per year. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we warehoused 20,975 vials, 107,608 vials and 88,745 vials of Utidelone Injection, respectively. Benefiting from the inclusion of Utidelone Injection in the 2022 NRDL in early 2023, we anticipate an increase in future market demands. In anticipation of the NDA approval for Utidelone Capsule, we are expanding the phase I manufacturing facility to establish a production line for Utidelone Capsule supported by our own funds, which is expected to be completed and put into operation in the fourth quarter of 2024.

Moreover, we are constructing the phase II manufacturing facility to produce Utidelone Injection, which is expected to comply with the cGMP standards. As an innovative pharmaceutical company with a global vision, we believe our products have the potential to benefit population worldwide, and therefore we will continue to invest in the construction of the phase II manufacturing facility which complies with the cGMP standards of the United States and the European Union. The construction of the phase II manufacturing facility has been supported by our own funds, and is to be further funded by the net proceeds we expect to receive from the Global Offering. See "Future Plans and Use of Proceeds."

The following table sets forth the utilization rate of the current production line for the periods indicated:

	For the year ended December 31,	
	2022	2023
	(vials in thousand, except for percentages)	
Production capacity[(1)]	500.0	500.0
Production volume	27.3	197.1
— For sales	21.3	76.6
— For R&D	—	81.7[(2)]
— 3ml Utidelone Injection for clinical trials[(3)]	—	31.8
— For other clinical trials[(4)]	6.0	7.0
Production utilization rate[(5)]	5.5%	39.4%

Notes:

(1) Calculated based on the following assumptions: (i) the production line is functioning at its full capacity; (ii) the production line operates 24 hours per day; and (iii) the production line operates 340 working days per year.

(2) For the year ended December 31, 2023, the vials for R&D and other purposes mainly comprised the unpackaged Utidelone Injection produced for the application to the NMPA for scaling up production batch size, which were approved for sales in November 2023. According to Technical Guideline on Studies of Post-Marketing CMC Changes to Chemical Drugs (Trial Implementation) (《已上市化學藥品藥學變更研究技術指導原則（試行）》) (the "**Guideline**") promulgated by the NMPA in 2021, application for scaling up production batch size requires at least three batches of products for process validation.

(3) The 3ml Utidelone Injection was produced for phase III clinical trials for the treatment of NSCLC as well as application to NMPA for the alteration of vial capacity. Application for the alteration of trial capacity requires at least three batches of products, pursuant to the Guideline.

(4) Other clinical trials include (i) our clinical trials other than phase III clinical trials for the treatment of NSCLC, and (ii) IITs.

(5) Calculated by dividing the production volume for a period by the production capacity of the same period.

(6) For the five months ended May 31, 2024, the current production line had a production capacity of 208.3 thousand vials of Utidelone Injection, and we did not produce any Utidelone Injection for the period, resulting in a nil utilization rate of the production line for the period.

Our utilization rate of the current production line was 5.5% for the year ended December 31, 2022, which reflected the decrease in the sales volume of Utidelone Injection resulting from the COVID-19 pandemic in 2022. As a result of the measures and restrictions on travel and social distance, there was disruption to patients' regular visits to hospitals for administration of therapy, leading to the decreased sales volume of Utidelone Injection. In addition, due to social distancing and related measures adopted to contain the COVID-19 pandemic, there was a decrease in the number of offline in-person visits, conferences and lectures conducted by us and our CSOs, which also resulted in the decreased sales volume of Utidelone Injection in 2022. Although we enhanced efforts in conducting on-line visits, conferences and lectures, the outcome of online events was not as satisfactory as offline events. As our sales and distribution activities decreased amid the resurgences of the COVID-19 pandemic in 2022, we adjusted production plan to reduce the production volume accordingly, resulting in the relatively low utilization rate for the year ended December 31, 2022. Following the subsiding of the COVID-19 pandemic in 2023, our utilization rate of the current production line increased from 5.5% for the year ended December 31, 2022 to 39.4% for the year ended December 31, 2023. Considering the projected sales and the current inventory level, we adjusted our production plan and no vials of Utidelone Injection were produced for the five months ended May 31, 2024. We resumed production and produced 55.5 thousand vials of Utidelone Injection in August 2024.

In the future, with the inclusion of Utidelone Injection in the 2022 NRDL in early 2023, we expect to further gain access to more hospitals for the sales of Utidelone Injection, and we expect an increase in the future market demands and the sales volume of Utidelone Injection. According to Frost & Sullivan, the market size of breast cancer drug in China and in the world is expected to reach US$15.6 billion and US$64.1 billion in 2030, respectively; and the market size of NSCLC drug in China and in the world is expected to reach US$22.6 billion and US$165.1 billion, respectively. In the next few years, we plan to have multiple indications of Utidelone Injection approved for marketing, each of which would result in further sales growth. Resulting from the anticipated market expansion and the approval of new indications, with the inclusion of Utidelone Injection in the 2022 NRDL in early 2023, we expect our annual sales volume of Utidelone Injection to exceed the annual production capacity of our current production line in the following few years. For details of the expansion plan of production capacity, see "Future Plans and Use of Proceeds — Use of Proceeds."

QUALITY MANAGEMENT

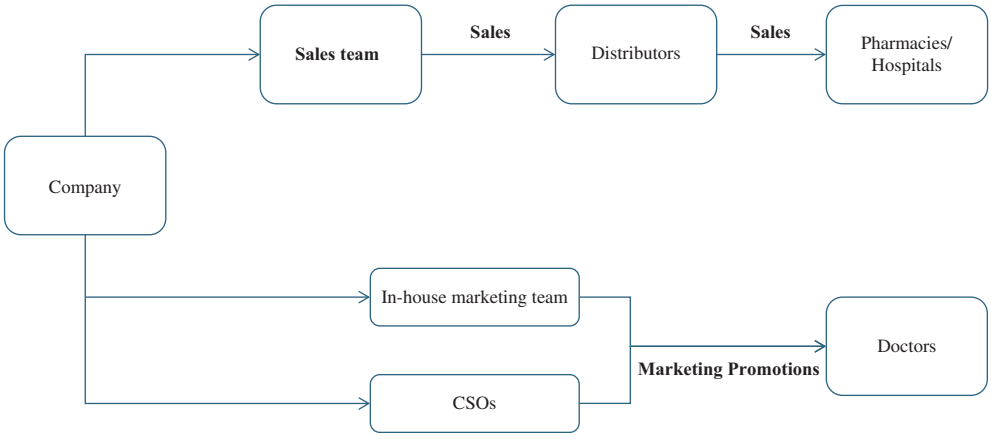
We operate a comprehensive quality management system consisting of a quality control department and a quality assurance department, which extends across all key stages of the R&D, manufacturing, and commercialization processes. This system is established and refined in accordance with the rigorous regulations and guidelines in China and the United States. We believe that an efficient quality management system is essential to (i) ensure the efficacy and safety of our products, (ii) ensure accurate and reliable preclinical studies and clinical trial results for our product drug candidates, (iii) facilitate favorable regulatory reviews and approval, and (iv) achieve successful market recognition for our drugs. We pay close attention to the evolving GMP standards and regulatory developments in these target markets and update our internal procedures, accordingly, striving for the highest international standards in patient safety and regulatory compliance. As quality management is a core value of our Company and a key pillar of our competitive position that we intend to develop, we have a zero-tolerance policy for non-compliance on quality.

As of May 31, 2024, our quality management system had 18 members, comprised of the quality assurance department and the quality control department, with most members possessing bachelor's or higher degrees. They monitor and assure all pivotal stages of our drug development process, which spans discovery, preclinical research, clinical trials, procurement, supply chain, process development, production, warehousing, delivery and recalls. We believe that this commitment to quality management distinguishes us in the market, and we intend to further strengthen our reputation for quality and reliability.

According to the relevant laws and regulations, we must establish a comprehensive quality management system for our production. We have established comprehensive quality control and quality assurance procedures to ensure that our manufacturing processes comply with relevant regulatory requirements and our internal quality standards. We select qualified suppliers and recruit manufacturing and quality management personnel based on a strict set of criteria, we regularly inspect our facilities and equipment to ensure that our equipment function properly. We are committed to upgrade and improve our comprehensive quality control system, benchmarking against the highest international standards adopted by pharmaceutical MNCs, to ensure patient safety and regulatory compliance. As advised by our PRC Legal Advisors, there were no material claims or complaints arising from our product quality during the Track Record Period and up to the Latest Practicable Date.

COMMERCIALIZATION, SALES AND MARKETING

Utidelone Injection was approved by the NMPA for commercialization in March 2021 and was included in the 2022 NRDL in January 2023. Currently, we primarily sell and market Utidelone Injection in China, and for the years ended December 31, 2022, 2023 and the five months ended May 31, 2024, our revenue amounted to RMB32.8 million, RMB66.6 million and RMB28.6 million, respectively. Our commercial operations consist primarily of sales and marketing promotion. Our sales team is responsible for selling all our products to distributors. Our in-house marketing team and CSOs are jointly responsible for the promotion of our products. The chart below illustrates our sales and marketing model:



Marketing and Sales Department

We had established an in-house marketing and sales department with a total of 79 members as of May 31, 2024. The marketing team is mainly responsible for promoting our products to doctors, maintaining amicable communication with industry professionals, as well as formulating promotion strategies and brand management strategies based on the characteristics and competitive advantages of our products. In addition, our marketing team is responsible for the selection, management and supervision of the CSOs.

Based on the distribution model, the primary responsibilities of our sales team are to formulate sales programs in line with our strategy, actively sell all of our products to distributors, manage our distributors and maintain positive relationships with them.

Our Marketing Promotions

Our promotion is mainly conducted by the marketing team, aiming to promote our product and deliver product information to doctors, hospitals and to the market. Effective promotion can help increase our product awareness and enhance product market penetration.

Our product is by prescription only. In order to overcome the physicians' preferences to use drugs that they are familiar with and enhance the market awareness of Utidelone Injections, we actively promote our Utidelone Injections to physicians and help them understand its mechanism, method of drug delivery, clinical efficacy, safety and applicable population. Our marketing team not only visits physicians and hospitals, publicize product information, and collect market responses, but also provides after-sales service to answer inquires arising from the clinical use of Utidelone Injection, so as to enhance customer adhesiveness and optimization of our products.

In addition, we conduct academic promotions to increase market exposure. Academic promotion mainly includes: (1) establishing a network of experts and organizing regular academic activities to increase product awareness with the help of experts' introduction; (2) promoting Utidelone Injection through, among others, promotion conference and researcher conferences, and (3) regular publicizing on public platforms to raise and maintain public attention. We organized or attended more than one thousand sessions of conferences and lectures in each of the years ended December 31, 2022 and 2023. Our Directors are of the view that organizing and attending the conferences and lectures have contributed to the increase in the sales of Utidelone Injection, and there were approximately 509 hospitals that included Utidelone Injection for sales as of May 31, 2024, covering 31 provinces, autonomous regions and municipalities in China. We have been and will continue to comply strictly with internal policies as well as the requirements of relevant laws and regulations in the process of academic promotion to ensure the authenticity, rationality and compliance of academic promotion.

The conferences and lectures we organized or attended during the Track Record Period covered 26 provinces, autonomous regions and municipalities in China, mainly including (i) department conferences and lectures, which were held among the medical professionals within the same hospital department; (ii) hospital conferences and lectures, which were held among the medical professionals from different departments within the same hospital; (iii) city conferences and lectures, which were held among medical professionals from the same province; (iv) regional conferences and lectures, which were held among medical professionals from the same sales region; (v) national conferences and lectures, which were held among medical professionals across the country; and (vi) third-party academic conferences, where we attended to share with academia the up-to-date studies of Utidelone Injection. The conferences and lectures included online and offline

sessions. The following table sets forth the number of sessions, scale, theme and format of the major conferences and lectures:

	Theme	No. of sessions			Scale (*attendant per session*)
		For the years ended December 31,		For the five months ended May 31,	
		2022	2023	2024	
Department conferences and lectures	To introduce the patient profile, advantages and clinical applications of Utidelone Injection.	371	563	106	10–15
Hospital conferences and lectures	To introduce Utidelone Injection in terms of the advantages, efficacy, clinical applications and treatment outcomes, thus increasing exposure to the medical professionals.	404	281	63	15–25
City conferences and lectures	To provide a forum for medical professionals to share experience in the treatment of cancer, standard therapy, as well as updates on the clinical progress, research results and case studies relating to Utidelone Injection.	297	346	70	30–50
Regional conferences and lectures	To provide a forum for medical professionals to share experience in the treatment of cancer; to provide interpretation of medical guidelines and different cancer treatment therapies; and to introduce Utidelone Injection.	202	90	7	approximately 50
National conferences and lectures	To provide a forum for medical professionals to share experience in the treatment of cancer; to provide interpretation of medical guidelines and different cancer treatment therapies; and to introduce Utidelone Injection.	53	17	0	50–100
Third-party academic conferences	These are academic conferences with various themes relating to oncology. We may be the sponsor of the conferences and attend to introduce Utidelone Injection.	41	55	86	N/A[(1)]
Total		1,368	1,352	332	

Note:

(1) The scales of third-party academic conference are not available to us, as third-party academic conferences were held by independent organizers.

As of the Latest Practicable Date, our sales and marketing activities were conducted in China. As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative or any penalties for our sales and marketing activities under the laws, regulations and supervision in China.

Although our clinical trials are primarily conducted in China, with these clinical data, we have the option to directly submit NDAs in certain jurisdictions. Additionally, in some jurisdictions, we may be required to conduct bridging studies only or may qualify for exemptions from specific phases of clinical trials. Therefore, our previous efforts in China could lead to fast approval for our product candidates to quickly penetrate overseas markets. Currently, our clinical trials conducted in the United States are progressing smoothly, and we plan to initiate more trials in the future. Additionally, we intend to out-license or co-develop our assets with seasoned partners. Collaboration with such players in overseas markets can expedite commercialization and ensure widespread acceptance and credibility of our product. For more information about our plans on out-licensing and co-development globally, please see "— Research and Development."

As we are in the early stage of commercialization, we still need to accumulate commercialization experience and our marketing team is limited in size and reach. Therefore, we have collaborated with some leading CSOs to leverage their marketing expertise and extensive coverage on pharmacies and hospitals in China. Pursuant to our agreements with the CSOs, the CSOs are generally granted exclusive rights to promote our products through online and offline channels in designated regions, and thereby effectively prevents cannibalization and duplication amongst the CSOs. The CSOs are primarily responsible for promoting and raising awareness of our products, and they work alongside with our in-house marketing team and provide external marketing support to the Group. We designate service areas and target hospitals in consultation with each CSO and determine the service fees based on the effectiveness of the promotion as reflected by the sales volume in the designated areas and target hospitals. CSOs are generally required to pay us a deposit of approximately 10% of their minimum annual targets, which serves to encourage CSOs to achieve the agreed sales targets and honor their contractual obligations. In selecting CSOs, we take into consideration their (i) business reputation and resources; (ii) scale of business; (iii) promotional performance in the past; and (iv) reasonable promotional targets and agreed fees.

Key terms of the agreements that we typically enter into with our CSOs are set forth below:

- **Service areas and target hospitals.** The designated service areas and target hospitals of the CSOs are specified in the agreements but are subject to adjustment.
- **Service scope.** CSOs' services typically include product promotion, academic promotion, market research and information collection on similar products.
- **Service targets.** CSOs are expected to achieve agreed sales targets which vary according to the designated service areas, taking into consideration factors, including but not limited to the size, number and patient coverage in target hospitals and projected market conditions. Based on the market search with regard to the aforementioned factors, we would negotiate with CSOs over the minimum annual targets to reach an agreement. Normally, the failure to achieve minimum annual targets would constitute a breach of the relevant agreement.
- **Service fee.** The CSOs would be entitled to a monthly service fee that is equivalent to an agreed proportion of the total revenue for the month from the products sold in the particular service area depending on the achievement of different performance targets.
- **Deposit.** CSOs are required to pay us a deposit, which will be forfeited if they fail to complete the agreed sales targets within the specified time-frame.
- **Exclusivity.** CSOs are prohibited from promoting Utidelone Injection outside of designated service areas and target hospitals, and are also prohibited from assigning to a third party their rights or obligations under the agreements without our consent.

As of the Latest Practicable Date, we had been collaborating with 14 CSOs across 31 provinces. Depending on the relevant agreements, we generally pay them promotion service fees on a monthly basis based on the semi-annual sales targets. The term of such agreements can typically be renewed on the condition that the CSO achieves certain sales targets.

Collaborating with these CSOs allows us to keep abreast of the dynamic information of our customers and the market. It enables us to leverage the expertise and resources of these CSOs, achieving the complementary strengths of both parties to swiftly penetrate the national market.

As of May 31, 2024, our products were available in approximately 509 public hospitals through the joint efforts of our internal marketing team and CSOs.

Relationship with CSOs

As of December 31, 2022 and 2023 and May 31, 2024, we had zero, 15, and 14 CSOs, respectively, all of whom were pharmaceutical promotion companies and independent third parties. We plan to collaborate with more prominent and seasoned pharmaceutical promotion companies and gradually expand the scope of our cooperation with them. The following table sets forth the changes in the number of our CSOs for the periods indicated:

Number of CSOs	For the year ended December 31, 2022	For the year ended December 31, 2023	For the five months ended May 31, 2024
As of the beginning of the period	0	0	15
Additions of new CSOs	2	16	0
Termination of existing CSOs	2	1	1
As of the end of the period	0	15	14

We terminated sales arrangement with a total of four CSOs during the Track Record Period due to their unsatisfactory promotional performance. There were no disputes between us and these CSOs.

The total amount of sales attributable to the two CSOs was RMB4.9 million for the year ended December 31, 2022. The total amount of sales attributable to the top five CSOs was RMB17.8 million for the year ended December 31, 2023. The total amount of sales attributable to the top five CSOs was RMB10.6 million for the five months ended May 31, 2024. The following table sets forth the details of our two CSOs and five largest CSOs for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, respectively:

CSO	Principal business	Date of establishment	Registered Capital	Commencement of business relationship	CSO promotion expenses	% of total CSO promotion expenses
					(RMB'000)	*(%)*
For the year ended December 31, 2022						
CSO A[(1)]	Wholesale of pharmaceutical and marketing planning	1997	RMB11.9 million	2022	2,010	89.1
CSO B[(2)]	Wholesale of medical devices and commodity information consultation	2014	RMB0.5 million	2022	245	10.9
Total					**2,255**	**100.0**

CSO	Principal business	Date of establishment	Registered Capital	Commencement of business relationship	CSO promotion expenses	% of total CSO promotion expenses
					(RMB'000)	*(%)*
For the year ended December 31, 2023						
CSO C[3]	Biopharmaceutical R&D, manufacturing and marketing	1993	RMB100.0 million	2023	4,123	33.0
CSO D[4]	Wholesale of pharmaceutical and marketing planning	2013	RMB10.1 million	2023	1,235	9.9
CSO E[5]	Medical research, marketing management, enterprise marketing planning and market research	2015	RMB5.0 million	2023	1,133	8.9
CSO F[6]	R&D of biotechnologies, enterprise marketing planning and pharmaceutical information consulting	2016	RMB2.4 million	2023	1,114	9.1
CSO G[7]	R&D of medical, pharmaceutical information consulting and enterprise marketing planning and consulting	2019	RMB2.0 million	2023	1,039	8.3
	Subtotal				**8,644**	**69.2**
Total					**12,477**	**100.0**

CSO	Principal business	Date of establishment	Registered Capital	Commencement of business relationship	CSO promotion expenses	% of total CSO promotion expenses
					(RMB'000)	*(%)*
For the five months ended May 31, 2024						
CSO C[(3)]	Biopharmaceutical R&D, manufacturing and marketing	1993	RMB100.0 million	2023	3,087	48.6%
CSO G[(7)]	R&D of medical, pharmaceutical information consulting and enterprise marketing planning and consulting	2019	RMB2.0 million	2023	596	9.4%
CSO H[(8)]	Pharmaceutical R&D, pharmaceutical information consulting, marketing, and business management consulting	2020	RMB2.0 million	2022	505	8.0%
CSO E[(5)]	Medical research, marketing management, enterprise marketing planning and market research	2015	RMB5.0 million	2023	478	7.5%
CSO I[(9)]	Pharmaceutical R&D, pharmaceutical information consulting, conference and exhibition services, and marketing planning	2014	RMB0.5 million	2022	377	5.9%
	Subtotal				**5,043**	**79.4%**
Total					**6,351**	**100.0%**

Notes:

(1) CSO A is a subsidiary of a listed pharmaceutical company on the Hong Kong Stock Exchange.

(2) CSO B is a private company with limited liability. CSO B was engaged for the three months ended December 31, 2022 to conduct the sales promotion within one city.

(3) CSO C is a private company with limited liability. It is a subsidiary of Company B, which was one of our top five largest customers during the Track Record Period.

(4) CSO D is a private company with limited liability.

(5) CSO E is a private company with limited liability.

(6) CSO F is a private company with limited liability.

(7) CSO G is a private company with limited liability.

(8) CSO H is a private company with limited liability.

(9) CSO I is a private company with limited liability.

Our Sales Operations

The Two-invoice System came into effect on December 26, 2016, allowing only a single-layer of distribution for the sale of pharmaceutical products from the pharmaceutical manufacturer to the hospital. As an innovative pharmaceutical company, we strictly adhere to the Two-invoice System and thus have built a legally compliant authorized distributor model based on it. Our measures primarily focused on (i) including terms relating to the two-invoice system in distribution agreements, (ii) terminating cooperation with distributors once the distributors violate the two-invoice system, and (iii) ensuring that we issue value-added tax invoices in accordance with relevant laws and regulations. Our Directors believe that regularly monitoring the implementation of the above-mentioned internal control measures could effectively ensure our compliance with the two-invoice system. All of our products are sold through distributors as we do not possess the relevant licenses. In addition, the establishment of a direct sales team requires substantial investment. Our Directors are of the view that collaborating with distributors who have sales networks and abundant end-customer resources is the best business option for the Company at present. We currently do not have plans to obtain the relevant licenses for direct sales. As confirmed by our PRC Legal Advisor, none of our distributors was punished due to breach of the Two-invoice System during the Track Record Period. For more information on the Two-invoice System, see the section headed "Regulatory Overview — Regulations on the Price Control and Two-invoice System" in this prospectus. Our existing distribution model is in line with the general practice in the industry and helps to ensure the effective coverage of our products legally. Going forward, we will continue to enhance commercialization, aiming to establish a nationwide sales network. According to Frost & Sullivan, our existing sales and distribution model is in line with the general practice of the industry.

Our sales team is primarily responsible for selling all products to distributors. We operate an authorized distribution sales model with our distributors. Under this model, the distributors are required to make purchase requests to us with a sales estimate for at least 30 days based on the needs of their downstream customers. Taking into account the high costs of cold chain logistics required for the transportation of Utidelone Injection as well as our distributors' nation-wide coverage of hospitals and pharmacies, our distributors generally maintain an inventory to support at least 30 days of operation to ensure quality and timely delivery. According to Frost & Sullivan, it is common for the distributors of biopharmaceutic companies with similar requirements for cold chain logistics and transportation to maintain inventory level to support 30 to 90 days of operation. After we deliver the product to the distributors, they in turn provide logistics services to deliver the products to end customer such as pharmacies or hospitals. Our distributors are independently responsible for management of their own inventory and any risk arising therefrom will be borne by distributors. During the term of the distribution agreements, save for the circumstances where the products are of questionable quality, we do not allow our distributors to return products to us; similarly, we also do not accept the return of unsold products upon termination of sales agreements or upon the validity period of the products. Our quality assurance department is responsible for matters relating to returns. With regard to refunds, we normally refund at a discount from the face value of the invoice or by other methods agreed upon. Considering the termination of the agreement as well as maintaining good relationship, we recovered from CSO A 3,000 vials of product, which

was not paid by CSO A. CSO A was also our distributor during the Track Record Period. Such recover did not involve any product quality issue. For details of our cooperation with CSO A, please refer to "Overlapping of Distributors and CSOs" in this section. The product recovery from CSO A was a one-off incident in our business operations. Except for the above, during the Track Record Period and up to the Latest Practicable Date, we had not received any product returns, complaints or claims from, nor had we provided any refunds to distributors. Moreover, we designate distribution territories within which our distributors are allowed to sell our products. We specify in the distribution agreements that distributors may only sell within the designated areas and are prohibited from selling and distributing outside of the designated areas. Additionally, distributors are required to report product destinations and sales volumes of the products to our sales team, thereby effectively prevents cannibalization by distributors.

We select our distributors based on their corporation qualification, operational capabilities, commercial credit and market influence, etc.. We conduct quarterly evaluations of our distributors based on the assessment standards agreed upon and we may terminate the cooperation with the distributors who do not meet the requirements. We mainly select large national pharmaceutical distribution companies or regional leading pharmaceutical distribution companies for cooperation, and establish long-term and stable relationships with them. We operate a single-layer distribution system, which means we only engage and manage distributors without the rights and obligations to monitor or manage sub-distributors. We do not prohibit our distributors from engaging sub-distributors in their respective authorized distribution territories, and we do not control or liaise with such sub-distributors directly. We have already taken reasonable measures to ensure that distributors comply with the two-invoice system. Our measures are primarily focused on (i) including terms relating to the relevant requirements relating to the two-invoice system in its distribution agreements with distributors, (ii) terminating the cooperation with the distributor according to the distribution agreement once the distributor violates the provisions of the two-invoice system, and (iii) ensuring that we do not issue any false value-added tax invoices for the products sold to the distributors and issues value-added tax invoices only according to relevant regulations. Our sales team monitors, manages and supports the activities of our distributors to help ensure that they comply with our guidelines, policies and procedures.

Key terms of the agreements that we typically enter into with our distributors are set forth below:

- **Relationship.** The distribution agreements set out a buyer-seller relationship between the distributors and us.

- **Duration and option to renew.** Generally one year, and may be renewed upon mutual consent.

- **Designated geographical regions.** The distribution regions for which a distributor is responsible are designated, and it is prohibited from selling our products outside its designated distribution regions.

- **Exclusivity.** A distributor is prohibited from purchasing our products from other channels, and it is also prohibited from assigning to a third party its rights together with its obligations under distribution agreements without the consent of us.
- **Pricing.** A distributor shall sell at the price suggested by us within designated geographical regions, unless with our written consent.
- **Credit terms.** We have granted credit terms of approximately two months to most of our distributors.
- **Termination.** We are generally entitled to terminate the agreement without cause upon a three-month prior notice.
- **Inventory.** We usually require distributors to keep inventory level for at least 30 days, and we have the right to inspect the inventory.
- **Product complaints.** We require distributors to provide us with written feedback within five business days upon receiving complaints about our products.

Our distributors are generally required to comply with all applicable laws and regulations including, anti-bribery, anti-kickback, anti-corruption, anti-unfair competition and regulations in the PRC. We limit the code of conduct of our distributors through agreements and specify that we have the right to terminate the agreements and hold the distributor liable if the distributor commit commercial bribery or unfair competition.

During the Track Record Period, we have maintained effective management and control over our distributors. We establish admission criteria for distributors, including qualification requirements and compliance requirements. For distributors who no longer meet the criteria, we would terminate cooperation. We regularly communicate and conduct review with our distributors, primarily regarding their inventory level, sales volume and marketing activities. Additionally, through the distribution agreement, we specify the code of conduct for distributors. If a distributor engages in commercial bribery or conducts unfair competition, we reserve the right to terminate cooperation and pursue its legal liability.

During the Track Record Period, we did not have any disputes with our distributors relating to the settlement of trade receivables. As of the Latest Practicable Date, we were not aware of any potential abuse or improper use of our name by our distributors which could adversely affect our reputation, business operation or financial contribution.

Relationship with distributors

As of December 31, 2022 and 2023 and May 31, 2024, we had a total of 47, 62, and 52 distributors, respectively, all of whom were pharmaceutical distribution companies and independent third parties. The following table sets forth the changes in the number of our distributors for the periods indicated:

Number of distributors	For the year ended December 31, 2022	For the year ended December 31, 2023	For the five months ended May 31, 2024
As of the beginning of the period	43	47	62
Additions of new distributors	7	19	0
Termination of existing distributors	3	4	10
Net increase in distributors	4	15	(10)
As of the end of the period	47	62	52

During the Track Record Period, our sales arrangements with 17 distributors were terminated due to various reasons such as expiry of the distribution agreements, business capacity of the distributors and changes in the distributors' business. There were no disputes between us and these distributors.

Except for products recovered from the distributor (CSO A) as detailed in the section headed "Business — Commercialization, Sales and Marketing — Our Sales Operation" , during the Track Record Period and up to the Latest Practicable Date , we had not received any product returns, complaints or claims from, nor had we provided any refunds to distributors.

Since all of our products are sold through distributors, all distributors were our customers during the Track Record Period, and our five largest distributors were identical to our five largest customers in each year during the Track Record Period. For details, please see the section headed "Business — Customers" in this prospectus.

The amount of unsold inventories held by all distributors

The following table sets forth the amount of unsold inventory held by all of our distributors as at the end of each year/period during the Track Record Period:

	Number of unsold inventories held by distributors (vials)
As of December 31, 2022	11,397[(1)]
As of December 31, 2023	11,430
As of May 31, 2024	12,998

Note:

(1) The higher inventory level was primarily due to our distributors' stocking up of inventories in anticipation of the sales growth following the inclusion of Utidelone Injection in NRDL in 2023.

To avoid inventory shortage, our distributors usually maintain an inventory level of 30 days at least, which is in line with the market practice within the pharmaceutical industry. As of the Latest Practicable Date, 12,998 vials, or 100.0%, of the unsold inventory held by all of our distributors as of May 31, 2024 had been sold.

We mainly adopt the following measures to avoid channel stuffing:

(1) We do not set a minimum purchase quantity for distributors. They purchase product from us based on their demand by filling out sales orders, and channel stuffing generally do not arise. Moreover, our price is uniform and we generally do not give distributors discounts related to large purchase quantity.

(2) We regularly communicate with distributors and checks their inventory levels. We require distributors to provide data related to product inventory levels monthly to assess the distributors' inventory levels.

(3) Additionally, we review the past sales performance and inventory levels of each distributor before delivering product based on sales orders. Our distributors generally place orders with a sales estimate for at least 30 days based on the needs of their downstream customers. Accordingly, we would review and confirm the validity of such estimate based on our distributors' track record. If a distributor's past sales performance is poor, unless there are special circumstances requiring our prior approval before processing purchase orders, we generally suspend cooperation at the next renewal.

(4) We generally do not allow our distributors to return products to us.

During the Track Record Period, the majority of our distributors were state-owned enterprises, listed companies or the subsidiaries of listed companies, who were well-established with good and stable track record of sales performance. Based on the inventory level maintained by our distributors that is in line with industry norm, the measures we have implemented to avoid channel stuffing as well as the track record of our distributors, our Directors are of the view that nothing has come to the attention that would reasonably cast doubt on our risk of channel stuffing. The Joint Sponsors, having conducted their independent due diligence and considered the above factors, concur with the Directors' view.

Overlapping of Distributors and CSOs

During the Track Record Period, there was overlapping of our customers and suppliers, which was essentially the overlapping of distributors and CSOs.

To enhance the promotion efforts of Utidelone Injection, we entered into a promotion service agreement with CSO A in February 2022, authorizing it to conduct exclusive promotion in designated areas. To leverage the promotion capability and sales channel resources of CSO A, which was also qualified as a distributor, in July 2022, we entered into a distribution agreement with it. Due to the unanticipated resurgences of the COVID-19 pandemic in 2022, CSO A did not meet the sales promotion target. Consequently, we terminated the promotion collaboration with it in October 2022 and deducted a deposit of RMB4.0 million in accordance with the promotion service agreement. During the Track Record Period, the promotion fee incurred to CSO A amounted to RMB2.1 million (including tax). In view of the termination of the promotion service agreement, we

chose not to renew the distribution agreement when it expired in December 2022. Nevertheless, in an effort to preserve a positive relationship, we recovered from it 3,000 vials of Utidelone Injection, which it had not paid for initially.

In addition, CSO C is a subsidiary of Company B, which was one of our five largest customers during the Track Record Period, holding an interest of approximately 39.3% in CSO C. For the year ended December 31, 2023 and the five months ended May 31, 2024, promotional expenses of CSO C amounted to approximately RMB4.1 million and RMB3.1 million, accounting for 33.0% and 48.6% of the total promotional expenses of CSO, respectively. Please see the section headed "Business — Customers" in this prospectus for detailed information of Company B. Negotiation with CSO C and Company B were conducted separately and did not coincide with each other. We sell product directly to Company B without any intermediaries or other companies involved, fully compliant with the two-invoice system according to our PRC Legal Adviser. There is no direct connection between the promotion fee payable to CSO C and the sales amount of Company B. CSO C is only responsible for the promotion of our product to the target hospitals in its designated service areas. The promotion fee payable to CSO C is calculated based on the sales amount to the target hospitals within its designated service area, which largely depends on the amount of our product administered in the target hospitals. For the year ended December 31, 2023 and the five months ended May 31, 2024, a few subsidiaries of Company B were responsible for the sales of our product in the designated service areas of CSO C, which contributed to 20.3% and 11.9% of the total sales volume in the designated service areas of CSO C, respectively.

A company can act as both a distributor and a CSO as long as it has the qualifications and operational capabilities required by law. As confirmed by our PRC Legal Advisor, there was no breach of laws and regulations regarding such overlapping relationship. For each of the abovementioned companies, the key terms of our sales of products and our purchases of services from such CSOs were generally similar to those of our other distributors/CSOs. Our Directors are of the view that these arrangements are within our ordinary course of business and under normal commercial terms.

The Impact of Being Included in the 2022 NRDL

In January 2023, Utidelone Injection was officially included in the 2022 NRDL and has been sold at an agreed price that was negotiated with the government since March 1, 2023. This makes Utidelone Injection affordable for more patients, enhancing its accessibility and market penetration.

The inclusion of Utidelone Injection in the 2022 NRDL facilitates its qualification for easy access to the hospital channel and the dual-channel (雙通道), which means that it can be procured from retail pharmacies and designated medical institutions covered by healthcare insurance, thereby promoting its clinical application. In terms of the hospital channel, as of May 31, 2024, Utidelone Injection had gained access to approximately 509 public hospitals. Moreover, Utidelone Injection had been included in the dual-channel (雙通道) drug list in 31 provinces. We are not required to hire designated distributors for the sales of products included in NRDL.

As of May 31, 2024, Utidelone Injection has been admitted to the procurement catalog by 195 hospitals. Moving forward, we will continue to leverage our commercial advantage of our Core Product being included in the NRDL and further strengthen our commercialization efforts.

Pricing

Before the inclusion of Utidelone Injection in the 2022 NRDL, we independently established a nationwide uniform retail price. This decision took into account various factors such as product promotion, shipping, and the necessity to maintain an appropriate profit margin. Following its inclusion in the NRDL, our pricing was adjusted to align with the medical insurance reimbursement standards and subject to a two-year dynamic adjustment mechanism.

Our Company plans to include pipeline indications of Utidelone Injection, namely, advanced NSCLC, breast cancer neoadjuvant, glioblastoma in the NRDL between 2028 and 2029. Prior to the inclusion of new indications of Utidelone Injection in the NRDL, or after the removal of our current indication, Utidelone Injection would be retailed at its latest NRDL price then. When a new indication for a product is included in the NRDL, the NHSA will adjust the price of the product based on whether actual expenditures of basic medical insurance fund exceed budget expenditure. The actual expenditure of Utidelone Injection may exceed its budget expenditure after more indications are included in the NRDL, which may result in a decrease in the price. Notwithstanding the foregoing, (i) as sales of products of our Group are expected to increase, the revenue generated is also expected to increase; and (ii) as production volume increases, unit fixed cost would decrease, and would help maintain a relatively stable gross profit margin. As such, even if the price of Utidelone Injection is reduced, our Directors believe that the overall revenue or profitability of our Group would not be significantly affected.

Upon expiry of the two-year period, the pricing of Utidelone Injections may be adjusted pursuant to the Interim Measures for the Administration of Drugs Covered by Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) (the "**Interim Measures**"). The conditions for adjusting the payment standards are set out in the Renewal Rules for Negotiated Drugs (《談判藥品續約規則》) (the "**Renewal Rules**"), annexed to the Interim Measures. If the ratio of actual expenditure to budget expenditure is less than 110%, the payment standards (i.e., NRDL price) would not be adjusted and will be maintained until the next renewal. If the ratio is between 110% and 200%, the reduction in NRDL prices will not exceed 15%.

According to the Renewal Rules, drugs that satisfy the following conditions may be eligible for a simplified renewal process, with the renewal being valid for two years: (i) the drugs are exclusive products; (ii) the actual expenditure of the fund during the last term does not exceed 200% of the fund expenditure budget; (iii) the increase in fund expenditure budget for the next two years is reasonable; (iv) there have been no significant changes in market environment, such as a noticeable increase in prices or treatment costs in the same therapeutic field, the actual sales prices being significantly lower than the current reimbursement standard, and the presence of competitive products that are included in the NRDL and may significantly impact pricing; and (v) the drugs do not meet the criteria for inclusion in regular catalog management.

The drug negotiation agreement for the Utidelone Injection will expire on December 31, 2024, upon which the Group will seek a renewal thereof. Our Directors are of the view that Utidelone Injection will satisfy the conditions set out in the Renewal Rules. In particular, based on our current estimation with reference to our sales, it is expected that the actual expenditure will be lower than budget expenditure and the ratio will be less than 110%, which could enable a drug negotiation agreement for the Utidelone Injection to be renewed without price reductions until the end of 2026

according to the Renewal Rules. In addition, with the inclusion of the approved indication of Utidelone Injection in the NRDL, our Directors believe that there are no substantial obstacles for the pipeline indications of Utidelone Injection to be included in the NRDL in the future.

We have differentiated the design and R&D strategies for Utidelone Injection and Utidelone Capsule with regard to applicable treatment stages or treatment strategies, thus ensuring the minimal overlapping of the applications of Utidelone Injection and Utidelone Capsule. Whilst there are not significant differences in safety and cost between Utidelone Injection and Utidelone Capsule, the preference for oral and intravenous chemotherapeutics varies among physicians, and the choice between these two chemotherapeutics depends on the recommendations of the physicians based on various factors including the indications, and patients' preference individual circumstances. Specific indications for chemotherapy play a crucial role in determining the administration route. Certain types of cancer or disease conditions may require the targeted delivery of the therapeutic agent to specific sites within the body. In such cases, intravenous chemotherapeutics may be preferred due to their ability to rapidly achieve systemic drug concentrations and directly target the affected areas. In contrast, oral chemotherapeutics may be preferred in the treatment of gastrointestinal cancers, because capsule will initially dissolve in stomach and intestine before the drug molecules are absorbed into bloodstream.

In addition, the patient's preference and individual circumstances should be taken into account when selecting the administration route. Factors such as the patient's overall health condition, ability to tolerate oral medications, and potential drug-drug interactions should be evaluated to ensure the chosen administration route aligns with the patient's specific needs and circumstances.

As a result of the foregoing reasons, our Directors are of the view that such preference would not affect the future demand of Utidelone Capsule, or affect the likelihood for Utidelone Capsule being included in the NRDL, because the abovementioned factors and the preference between the oral and intravenous chemotherapeutics are not the considerations for the inclusion of a drug into the NRDL according to the Interim Measures. Pursuant to the Interim Measures, the inclusion of pharmaceutical products by relevant authorities into the NRDL is based on a variety of factors, including efficacy, safety and price. For more information, please refer to "Risk Factors — Risks Relating to Our Business — Our drug candidates and future drugs 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 pricing regulations, which could make it difficult for us to sell our drugs profitably."

INTELLECTUAL PROPERTY

Intellectual property rights are central to the success of our business. Our commercial future will depend, in part, on our ability to acquire and protect our intellectual property rights for commercially significant technologies, inventions and know-how. This includes acquisition of new patents, defense of existing patents, and protection of our trade secrets. We will also have to operate without infringing, misappropriating, or otherwise violating third parties' intellectual property rights.

We have a global portfolio of patents to protect our Core Product, drug candidates and technologies. As of the Latest Practicable Date, we obtained eight issued patents in China, three issued patents in the United States, 11 issued patents in other jurisdictions, and 17 patent applications including the patents covering the crystal form of the compound and the genetic engineered bacteria. The patents granted to, or under application by, our Company cover all material aspects of our Core Product. The following table sets forth an overview of our material granted patents and filed patent applications in connection with our Core Product or clinical and preclinical drug candidates as of the Latest Practicable Date:

Patent Number	Patent Name	Jurisdiction	Inventor(s)[1]	Applicant	Scope of protection	Granted date	Expiration Date
Related Product Utidelone Injection							
ZL201780010021.3	DE-EPOXIDIZED EPOTHILONE DERIVATIVE PREPARATION, PREPARATION OF SAME AND USE THEREOF IN THE TREATMENT OF TUMOUR (脱環氧埃坡霉素衍生物製劑、製備及其治療腫瘤的應用)	China	Tang Li Qiu Rongguo	Company Chengdu Biostar	Utidelone injection preparation and indications	March 11, 2022	February 5, 2037
ZL202210152248.4	DE-EPOXIDIZED EPOTHILONE DERIVATIVE PREPARATION, PREPARATION OF SAME AND USE THEREOF IN THE TREATMENT OF TUMOUR (脱環氧埃坡霉素衍生物製劑、製備及其治療腫瘤的應用)	China	Tang Li Qiu Rongguo	Company Chengdu Biostar	Utidelone injection preparation and indications	November 3, 2023	February 5, 2037
US10980782B2	DE-EPOXIDIZED EPOTHILONE DERIVATIVE PREPARATION, PREPARATION OF SAME AND USE THEREOF IN THE TREATMENT OF TUMOUR	US	Tang Li Qiu Rongguo	Company Chengdu Biostar	Utidelone injection preparation and indications	April 20, 2021	February 6, 2037
Utidelone Injection, Utidelone Capsule							
ZL200910259234.7	PRODUCTION AND APPLICATION OF NOVEL EPOXY THIAZOLIDINONE COMPOUNDS (新型環氧噻酮化合物及其製備方法和用途)	China	Tang Li Qiu Rongguo	Chengdu Biostar	Engineering bacteria and compound of utidelone analogs	October 15, 2014	December 16, 2029
ZL200810082360.5	PRODUCTION AND APPLICATION OF 15 EPOTHILONE DERIVATIVES (15環噻酮衍生物及其製備方法與應用)	China	Tang Li Qiu Rongguo	Company	Engineering bacteria and compound of utidelone analogs	January 20, 2016	February 28, 2028
JP5839328	EPOTHILONE COMPOUNDS, PREPARATION METHOD AND USE THEREOF	Japan	Tang Li Qiu Rongguo	Company	Engineering bacteria and compound of utidelone analogs	November 20, 2015	December 17, 2030
EP2514752B1	EPOTHILONE COMPOUNDS, PREPARATION METHOD AND USE THEREOF	Europe	Tang Li Qiu Rongguo	Company	Engineering bacteria and compound of utidelone analogs	January 31, 2018	December 17, 2030
US8895590B2	EPOTHILONE COMPOUNDS, PREPARATION METHOD AND USE THEREOF	US	Tang Li Qiu Rongguo	Company	Engineering bacteria and compound of utidelone analogs	November 25, 2014	December 17, 2030

Patent Number	Patent Name	Jurisdiction	Inventor(s)[1]	Applicant	Scope of protection	Granted date	Expiration Date
EP4062912A1	UTIDELONE SEMI-HYDRATED SINGLE CRYSTAL AND PREPARATION METHOD THEREFOR AND USE THEREOF	Europe	Tang Li Kong Rixiang Qiu Rongguo	Company Chengdu Biostar	Utidelone Crystal structure	April 3, 2024	April 7, 2041
202180006310.2	UTIDELONE HEMIHYDRATE SINGLE CRYSTAL AND PREPARATION METHOD AND USE THEREOF (優替德隆半水合物單晶及其製備方法與應用)	China	Tang Li Kong Rixiang Qiu Rongguo	Company Chengdu Biostar	Utidelone crystal structure	May 24, 2024	April 7, 2041
ZL202180006642.0	PRODUCTION OF RECOMBINANT STRAIN FOR EPOTHILONE B DEOXY ANALOG AND ITS APPLICATIONS (生產脱環氧埃坡黴素B的重組菌及其用途)	China	Tang Li Qiu Rongguo	Company Chengdu Biostar	New generation of utidelone engineering bacteria	March 19, 2024	July 23, 2041
62022059279.9	UTIDELONE HEMIHYDRATE SINGLE CRYSTAL AND PREPARATION METHOD AND USE THEREOF	Hong Kong	Tang Li Kong Rixiang Qiu Rongguo	Company Chengdu Biostar	Utidelone crystal structure	August 23, 2024	April 8, 2041
62022059277.3	RECOMBINANT BACTERIAL STRAIN FOR PRODUCING DEEPOXIDIZED EPOTHILOE-B AND USE THEREOF	Hong Kong	Tang Li Qiu Rongguo	Company Chengdu Biostar	New generation of utidelone engineering bacteria	July 5, 2024	July 23, 2041
JP7528222	RECOMBINANT BACTERIAL STRAIN FOR PRODUCING DEEPOXIDIZED EPOTHILOE-B AND USE THEREOF	Japan	Tang Li Qiu Rongguo	Company Chengdu Biostar	New generation of utidelone engineering bacteria	June 27, 2024	July 23, 2041
Utidelone Capsule							
EP4062913A4	SOLID ORAL FORMULATION OF UTIDELONE	Europe	Tang Li Zhang Chuan Qiu Rongguo	Company Chengdu Biostar	Utidelone oral dosage form	May 8, 2024	September 2, 2041
2021337086	SOLID ORAL FORMULATIONS OF UTIDELONE	Australia	Tang Li Zhang Chuan Qiu Rongguo	Company Chengdu Biostar	Utidelone oral dosage form	June 13, 2024	September 2, 2041
202180006314.0	SOLID ORAL FORMULATIONS OF UTIDELONE (優替德隆的固體口服製劑)	China	Tang Li Zhang Chuan Qiu Rongguo	Company Chengdu Biostar	Utidelone oral dosage form	June 11, 2024	September 2, 2041
62022059278.1	SOLID ORAL FORMULATIONS OF UTIDELONE	Hong Kong	Tang Li Zhang Chuan Qiu Rongguo	Company Chengdu Biostar	Utidelone oral dosage form	September 27, 2024	September 2, 2041
2022–539043	SOLID ORAL FORMULATIONS OF UTIDELONE	Japan	Tang Li Zhang Chuan Qiu Rongguo	Company Chengdu Biostar	Utidelone oral dosage form	July 11, 2024	September 2, 2041

Patent Number	Patent Name	Jurisdiction	Inventor(s)[1]	Applicant	Scope of protection	Granted date	Expiration Date
BG18							
ZL200810091830.4	FOSTRIECIN DERIVATIVES AND THE PHARMACEUTICAL USES THEREOF (福司曲星衍生物及其藥用用途)	China	Tang Li Qiu Rongguo	Company	Fostriecin derivatives and the pharmaceutical uses	November 25, 2015	April 2, 2028
JP5595374B2	FOSTRIECIN DERIVATIVES AND THE PHARMACEUTICAL USES THEREOF	Japan	Tang Li Qiu Rongguo	Company	Fostriecin derivatives and the pharmaceutical uses	August 15, 2014	April 3, 2029
US8623912B2	FOSTRIECIN DERIVATIVES AND THE PHARMACEUTICAL USES THEREOF	US	Tang Li Qiu Rongguo	Company	Fostriecin derivatives and the pharmaceutical uses	January 7, 2014	June 15, 2030

Note:

1. According to the agreement between employees and us, all rights to patents invented by employees during their employment belong to us.

The following table sets forth an overview of our patent applications as of the Latest Practicable Date:

Patent Application Number	Patent Name	Jurisdiction	Applicant	Scope of protection	Patent Filing Date	Communication process with the authorities
Related Product Utidelone Injection, Utidelone Capsule						
17/757,979	UTIDELONE HEMIHYDRATE SINGLE CRYSTAL AND PREPARATION METHOD AND USE THEREOF	US	Company Chengdu Biostar	Utidelone crystal structure	April 8, 2021	Made public on February 9, 2022
2022-538911	UTIDELONE HEMIHYDRATE SINGLE CRYSTAL AND PREPARATION METHOD AND USE THEREOF	Japan	Company Chengdu Biostar	Utidelone crystal structure	April 8, 2021	Received first examination opinion notification in June 2023 Responded to Authorities in September 2023
17/758,042	RECOMBINANT BACTERIAL STRAIN FOR PRODUCING DE-EPOXIDIZED EPOTHILOE-B AND USE THEREOF	US	Company Chengdu Biostar	New generation of utidelone engineering bacteria	July 23, 2021	Made public on October 26, 2023
21845599.6	RECOMBINANT BACTERIAL STRAIN FOR PRODUCING DE-EPOXIDIZED EPOTHILOE-B AND USE THEREOF	Europe	Company Chengdu Biostar	New generation of utidelone engineering bacteria	July 23, 2021	Received first examination opinion notification in December 2023 Responded to authorities in March 2024
17/758,110	SOLID ORAL FORMULATIONS OF UTIDELONE	US	Company Chengdu Biostar	Utidelone oral dosage form	September 2, 2021	Made public on February 16, 2022
3184960	SOLID ORAL FORMULATIONS OF UTIDELONE	Canada	Company Chengdu Biostar	Utidelone oral dosage form	September 2, 2021	Entered the substantive review phrase in March 2023
10-2023-7001452	SOLID ORAL FORMULATIONS OF UTIDELONE	Korea	Company Chengdu Biostar	Utidelone oral dosage form	September 2, 2021	Made public on February 20, 2023
202337012007	SOLID ORAL FORMULATIONS OF UTIDELONE	India	Company Chengdu Biostar	Utidelone oral dosage form	September 2, 2021	Received first examination opinion notification in October 2023 Responded to authorities in January 2024
BR112023003572-4	SOLID ORAL FORMULATIONS OF UTIDELONE	Brazil	Company Chengdu Biostar	Utidelone oral dosage form	September 2, 2021	Made public on April 4, 2023

Patent Application Number	Patent Name	Jurisdiction	Applicant	Scope of protection	Patent Filing Date	Communication process with the authorities
Other related to Utidelone						
202280010753.3	UTIDELONE LIPOSOME COMPOSITION, PREPARATION METHOD THEREFOR AND USE THEREOF (優替德隆脂質體組合物及其製備方法和用途)	China	Chengdu Biostar	Utidelone liposome	July 1, 2022	Entered the substantive review phrase in September 2023
18/264,506	UTIDELONE LIPOSOME COMPOSITION, PREPARATION METHOD THEREFOR AND USE THEREOF	US	Chengdu Biostar	Utidelone liposome	July 1, 2022	Accepted by the authorities in August 2023
22913275.8	UTIDELONE LIPOSOME COMPOSITION, PREPARATION METHOD THEREFOR AND USE THEREOF	Europe	Chengdu Biostar	Utidelone liposome	July 1, 2022	Accepted by the authorities in August 2023
2023-542005	UTIDELONE LIPOSOME COMPOSITION, PREPARATION METHOD THEREFOR AND USE THEREOF	Japan	Chengdu Biostar	Utidelone liposome	July 1, 2022	Accepted by the authorities in August 2023
PCT/CN2023/111308	UTIDELONE ALBUMIN-BINDING NANOPARTICLES AND PREPARATION METHOD (含白蛋白結合型優替德隆納米粒的藥物組合物及其製備方法)	PCT	Company Chengdu Biostar	Utidelone Albumin-binding nanoparticles	August 4, 2023	Accepted by the authorities in August 2023
PCT/CN2023/111047	ECHINOCANDIN ANTIBIOTIC MICELLES AND THE PHARMACEUTICAL USES (棘霉素類抗生素膠束及其製備方法和用途)	PCT	Chengdu Biostar	BG22 and the pharmaceutical uses	August 3, 2023	Made international public on January 2024
202410444825.6	Uttidron lyophilized compositions and methods of preparation thereof (一種優替德隆凍幹組合物及其製備方法)	China	Company Chengdu Biostar	Utidelone freeze-drying preparation for injection	April 12, 2024	Submit application on April 12, 2024
202411074043.4	The application of Utidelone for solid tumor indications (優替德隆治療實體腫瘤的應用)	China	Tang Li Guan Jin Qiu Rongguo	Solid tumor indications	August 6, 2024	Submit application on August 6, 2024

As of the Latest Practicable Date, the two patents had expired in 2023 and one patent had expired in 2024. The following table sets forth the details.

Patent	Inventor (s)	Applicant	Patent number	Date of Grant	Expiry date
Production and Application of a Novel Epothilone Compound* . . .	Qiu Rongguo	Company	ZL03103031.9	January 2, 2008	2023.01.27
Production and Application of a Novel Epothilone Compound* . . .	Qiu Rongguo	Company	ZL200710199560.4	July 18, 2012	2023.01.27
MICROTUBULE-STABILIZING AGENT EPOTHILONE FOR THE TREATMENT OF TUMORS AND RESTENOSIS (治療腫瘤和血管再狹窄的微管穩定劑埃坡霉素)	Qiu Rongguo	Company	ZL200410056654.2	May 14, 2008	August 12, 2024

Note: These two patents are divisional patents.

The patents listed above were our early R&D achievements covering engineering bacteria that were related to the early foundation for the development of Utidelone and couldn't produce utidelone at a large scale. Currently, our research and commercial production do not involve the utilization of the technology underlying these three patents. The patent related to the latest engineering bacteria that is used for utidelone commercial manufacturing was just granted on March 19, 2024 and will not expire until July 23, 2041 (Recombinant strains for the production of deoxy epothilone b (Utidelone) and their applications (生產脱環氧埃坡黴素b(優替德隆)的重組菌及其用途)). Consequently, the expiration of three patents above will not have an adverse impact on the protection and advancement of Utidelone, nor will it affect the our daily operations, financial or business conditions. According to the U.S. IP consultant and the PRC IP consultant, in the event of expiration of above patents, the remaining patents of other subject matters owned by us and related trade secret information, can still contribute to establishing patent/technical barriers to prevent competitors from generic.

The term of individual patents may vary based on the countries in which they are obtained. In most countries and regions in which we file patent applications, the term of an issued patent is generally 20 years from the filing date of the formal patent application on which the patent is based in the applicable country or region. In the U.S., 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 administrative delays by the United States Patent and Trademark Office (USPTO), in excess of a patent applicant's delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly owned patent having an earlier expiration date.

The actual protection provided by a patent varies on a claim-by-claim and country-by-country basis and depends upon various factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country or region, and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we

provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our drug candidates and methods of manufacturing the same.

We may rely, in some circumstances, on trade secrets and confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, scientific advisors and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements and non-competition agreements with our senior management, certain key members of our R&D team, and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we use to employ each employee, contains an assignment clause. We own all the rights to all inventions, technology, know-how, and Non-patented technology derived during such employees' employment.

These agreements may not sufficiently protect our trade secrets and confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secrets and confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and confidential information may become known or be independently developed by a third party or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or obtain or use information that we regard as proprietary without our consent. As a result, we may not sufficiently protect our trade secrets and proprietary information.

We have been granted 19 patents covering high-yield engineering bacteria, crystal structure, indications, formulation and process, and compound structures, which are sufficient to provide full protection of our technology. Based on the challenges encountered in developing Utidelone and our patent protection measures, the Directors believe that the currently granted patents can effectively deter competition from generic drugs for the following reasons:

(1) Protection of high-yield engineering bacteria. Genetical engineering bacteria that is constructed through synthetic biology is a prerequisite for the commercial production of Utidelone because it is difficult to be produced by chemical synthesis or semi-synthetic method at a large scale. Leveraging combinatorial biosynthesis platform, we have obtained genetical engineering bacteria which is stable, high-yield, and have proven significantly challenging to construct. The PCT patents covering genetical engineering bacteria have been granted in China, Hong Kong, and Japan and will not expire until 2041 (Patent No.: ZL202180006642.0, 62022059277.3, and JP7528222);

(2) Protection of crystal structure. We had conducted a polymorph screening of Utidelone crystal, indicating that Utidelone is a single-crystal compound and it embodies solely in one crystal structure. Its crystal structure has been patented by us as PCT in Europe (Patent No.: EP4062912), Hong Kong (Patent No.: 62022059279.9), and China (Patent

Application No.: 202180006310.2) with the expire dates of 2041. Other companies who intend to make Utidelone generic products will definitely fall into the protection scope of this patent and cannot bypass it during production;

(3) Protection of indications. We have been granted the PCT patents with the expire date of 2037 (Patent No.: ZL201780010021.3, ZL202210152248.4, US10980782B2) for indications related to Utidelone in China and US, such as those for breast cancer, lung cancer, colorectal cancer and liver cancer. This will prevent other companies from applying Utidelone to the treatment of these indications. If Utidelone can't be applied for the treatment of cancer, it's obviously that making generic would be meaningless;

(4) Protection of formulation and production process. We have been granted the PCT patents with the expire date of 2037 for the preparation of Utidelone Injection in China and US (Patent No.: ZL201780010021.3, ZL202210152248.4, US10980782B2), and the PCT patents with the expire date of 2041 for the preparation of Utidelone oral formulation in Europe, Australia, China, Hong Kong, and Japan (Patent No.: EP4062913A4, 2021337086, 202180006314.0, 62022059278.1, and 2022-539043). According to the PRC IP Consultant, the PCT patents for the preparation of Utidelone oral formulation are also expected to be granted in China and US. We have also applied for patents covering other formulation and production process, such as albumin-bound Utidelone and Utidelone liposome, to further extend the protection of all kinds of dosage forms;

(5) Protection of compound structures. We have obtained PCT patents with expire dates from 2028 to 2030 (Patent No.: ZL200810082360.5, ZL200910259234.7, US8895590B2, EP2514752B1, JP5839328) in China, Europe and Japan on the structure and preparations of epothilone analogs. It can reduce the risk of competitors developing similar compounds with a similar structure as Utidelone. According to the U.S. IP consultant and the PRC IP consultant, in the event of expiration of above patents, the remaining patents relating to engineering bacteria, crystal structure and indication owned by us (with the most recent expire date of 2037) and related trade secret information, can still contribute to establishing patent/technical barriers to prevent competitors from generic. We also intend to pursue more patent applications with our indication expansion and formulation development;

(6) High technology barrier. Synthetic biology technology is a comprehensive technology that requires a combination of the complexity of biological systems, the accuracy of design and the application of engineering. In the process of researching synthetic biology technology, it is necessary to have interdisciplinary knowledge and skills as well as a scientific approach to face the potential challenges. With more than two decades of research, we have accumulated profound knowledge and rich experience in synthetic biology technology, established advanced and sustainable synthetic biology platforms, and successfully launched the first chemotherapy drug that is developed using synthetic biology technology. We believe the technical difficulties and know-how of this field are themselves the barriers to genericize Utidelone.

It is worth mentioning that we adopt a multistep protection strategy to maximize the duration and the scope of patent protection. Prior to commercialization of Utidelone, we applied patents covering the early research and development results. Based on our strict and comprehensive confidentiality system, all research and development activities were carried out smoothly, and no confidential information was leaked. When Utidelone phase III clinical study succeeded, we applied for patents on indications, formulations and production process; when Utidelone was about to be approved for marketing, we applied for patents on the crystal structure and high-yield engineering bacteria. This approach can maximize the product-related patent protection life cycle.

According to the US IP consultant and the PRC IP consultant, the existing valid patents have formed barriers to prevent competitors from launching corresponding generic pharmaceutical.

Additionally, Utidelone has high barriers to genericization. Utidelone, with complex molecular structure, is produced through microbial fermentation by genetical engineering bacteria. It is challenging to produce Utidelone on an industrial scale through chemical and semi-chemical synthesis methods. Furthermore, the products produced through chemical and semi-chemical synthesis methods may differ from those produced through microbial fermentation by genetical engineering bacteria in terms of quality standards, drug characteristics, production costs, and other aspects.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining the physical security of our premises and the physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "Risk Factors — Risks Relating to Our Intellectual Property Rights" to describe risks related to our intellectual property.

As of the Latest Practicable Date, we had registered 60 trademarks in China. We are also the registered owner of three domain names and seven copyrights.

As of the Latest Practicable Date, we had not been involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

CUSTOMERS

During the Track Record Period, our revenue was derived from the sales of Utidelone Injection. Our customers are primarily distributors who sell our products to hospitals and pharmacies.

Our revenue generated from our largest customer in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB7.7 million, RMB21.8 million, and RMB10.0 million, accounting for 23.4%, 32.7%, and 34.9% of our total revenue, and revenue from our five largest customers in aggregate in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB26.8 million, RMB58.9 million, and RMB24.0 million, accounting for 81.6%, 88.5%, and 84.0% of our total revenue, respectively, indicating a relatively high customer concentration. According to Frost & Sullivan, it is common for biopharmaceutical companies, particularly those with single approved product and in the early commercialization stage, to depend heavily on a limited number of customers, and the market concentration of distributors in China is relatively high. In view of this, we plan to actively expand our customer base in overseas markets in the future. The following table sets forth details of our five largest customers during the Track Record Period:

Customer[8]	Principal business	Products/ services provided	Commencement of business relationship	Credit terms	Settlement method	Revenue contribution	% of total revenue	Registered capital	Location
						(RMB'000)		*(RMB'000)*	
For the year ended December 31, 2022									
Company A[1]	Sales of medical devices and wholesale of pharmaceuticals	Utidelone Injection	2021	45 days	Bank Transfer	7,695	23.4%	50,000	Shaanxi
Company B[2] and its related parties	R&D, manufacturing and sales of APIs and pharmaceutical products	Utidelone Injection	2021	30–180 days	Bank Transfer	6,904	21.0%	3,696,414	Shanghai
Company C[3] and its related parties	Pharmaceutical wholesale	Utidelone Injection	2021	60 days	Bank Transfer	5,310	16.2%	25,506,579	Beijing
Company D[4]	Sales of medical devices, wholesale and retail of pharmaceuticals	Utidelone Injection	2022	45–210 days	Bank Transfer	4,556	13.9%	10,283	Guangdong
Company E[5] and its related parties	Pharmaceutical wholesale and retail	Utidelone Injection	2021	30–60 days	Bank Transfer	2,341	7.1%	19,646,531	Beijing
Sub Total						26,806	81.6%		
Others						6,014	18.4%		
Total						32,820	100.0%		
For the year ended December 31, 2023									
Company C[3] and its related parties	Pharmaceutical wholesale	Utidelone Injection	2021	60 days	Bank Transfer	21,808	32.7%	25,506,579	Beijing
Company B[2] and its related parties	R&D, manufacturing and sales of APIs and pharmaceutical products	Utidelone Injection	2021	60–180 days	Bank Transfer	13,228	19.9%	3,696,414	Shanghai
Company E[5] and its related parties	Wholesale and retail of pharmaceuticals	Utidelone Injection	2021	30–60 days	Bank Transfer	8,785	13.2%	19,646,531	Beijing
Company A[1]	Sales of medical devices and wholesale of pharmaceuticals	Utidelone Injection	2021	45 days	Bank Transfer	8,047	12.1%	50,000	Shaanxi
Company F[6] and its related parties	Wholesale and retail of pharmaceuticals	Utidelone Injection	2021	30–60 days	Bank Transfer	7,079	10.6%	1,310,231	Jiangsu
Sub Total						58,947	88.5%		
Others						7,688	11.5%		
Total						66,635	100.0%		

Customer[8]	Principal business	Products/ services provided	Commencement of business relationship	Credit terms	Settlement method	Revenue contribution (RMB'000)	% of total revenue	Registered capital (RMB'000)	Location
For the five months ended May 31, 2024									
Company C[3] and its related parties	Pharmaceutical wholesale	Utidelone Injection	2021	60 days	Bank Transfer	9,964	34.9%	25,506,579	Beijing
Company E[5] and its related parties	Wholesale and retail of pharmaceuticals	Utidelone Injection	2021	30–60 days	Bank Transfer	4,571	16.0%	19,646,531	Beijing
Company F[6] and its related parties	Wholesale and retail of pharmaceuticals	Utidelone Injection	2021	30–60 days	Bank Transfer	3,959	13.9%	1,310,231	Jiangsu
Company B[2] and its related parties	R&D, manufacturing and sales of APIs and pharmaceutical products	Utidelone Injection	2021	60–180 days	Bank Transfer	3,653	12.8%	3,696,414	Shanghai
Company L[7] and its related parties	Wholesale and retail of pharmaceuticals	Utidelone Injection	2021	60 days	Bank Transfer	1,860	6.4%	556,969	Chongqing
Sub Total						24,007	84.0%		
Others						4,557	16.0%		
Total						28,564	100.0%		

Notes:

(1) Company A is a private company, which was established in 2019 with limited liability.

(2) Company B is a listed company that is listed on both the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, headquartered in Shanghai. It is a leading integrated industrial group in China's industry.

(3) Company C is a state-owned company, which was established in 1987. It has interest in nine listed companies that are listed on either the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange.

(4) Company D is a private company, which was established in 2004 with limited liability.

(5) Company E is a private company, which was established in 2000 with limited liability.

(6) Company F is a listed company that is listed on the Shenzhen Stock Exchange, headquartered in Jiangsu Province. It is a state-owned company.

(7) Company L is a state-owned company, which was established in 1997 with limited liability.

(8) Member entities of the same group are represented on a consolidated basis as a single customer.

CSO C is a subsidiary of Company B, who was our supplier during the Track Record Period. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, revenue from Company B amounted to RMB6.9 million, RMB13.2 million, and RMB3.7 million, respectively. For the same periods, purchase from CSO C amounted to nil, RMB4.1 million, and RMB3.1 million, respectively.

To the best of our knowledge, all of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates, or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

Our Group's strategies for expanding our customer base are as follows:

- **R&D:** we will continuously invest in R&D activities. By advancing the products through preclinical and clinical development, we aim to attract interest from healthcare providers, clinicians, and patients seeking effective treatments.

- **Strategic partnerships:** we will actively pursue collaborations with pharmaceutical companies, biotech firms, academic institutions, and research organizations.

- **Market segmentation:** We will employ a targeted approach to identify and engage with specific customer segments. By tailoring our marketing strategies and product offerings to the unique needs of each segment, we aim to effectively penetrate and capture market share.

RAW MATERIALS AND SUPPLIERS

Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of raw materials and consumables for our drug development, (ii) suppliers of energy, such as water, electricity, and natural gas, for our R&D, as well as production, and (iii) CROs, who provide third-party contracting services for R&D.

Our purchases from our largest supplier in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB21.5 million, RMB25.8 million, and RMB25.6 million, accounting for 18.3%, 15.4%, and 29.7% of our total purchases; and purchases from our five largest suppliers in aggregate in each of the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 amounted to RMB45.5 million, RMB57.4 million, and RMB39.3 million, accounting for 38.8%, 34.2%, and 45.5% of our total purchases, respectively. The following table sets forth details of our five largest suppliers during the Track Record Period:

Supplier[9]	Principal business	Products/services provided	Commencement of business relationship	Credit terms	Settlement method	Purchase amount	% of total purchases	Registered capital	Location
						(RMB'000)		*(RMB'000)*	
For the year ended December 31, 2022									
Sichuan No.4 Construction Co., Ltd. (四川省第四建築有限公司)	Construction	Construction of the facility	2022	15 days	Bank Transfer	21,535	18.3%	200,000	Sichuan
Company G[1]	Real-world research and case studies	Management of real-word research projects	2021	20 days	Bank Transfer	9,464	8.1%	5,000	Tianjin
Hangzhou Tiger Consultation Co., Ltd. (杭州泰格醫藥科技股份有限公司) and its related parties	Technology development, management and statistical analysis of clinical trial data	Management of clinical projects, clinical monitoring, medical monitoring	2022	30 days	Bank Transfer	5,770	4.9%	872,418	Zhejiang
CRO B[2]	Drug safety assessment and monitoring throughout the entire lifecycle	Preclinical animal studies	2021	10 days	Bank Transfer	4,417	3.8%	381,246	Beijing
Company H[3]	Technology promotion services , medical research	IIT trial protocol design, project management, medical support	2022	60 days	Bank Transfer	4,345	3.7%	2,000	Beijing
Sub Total						45,531	38.8%		
Others						71,858	61.2%		
Total						117,389	100.0%		
For the year ended December 31, 2023									
Sichuan No.4 Construction Co., Ltd. (四川省第四建築有限公司)	Construction	Construction of the facility	2022	15 days	Bank Transfer	25,843	15.4%	200,000	Sichuan
Company H[3]	Technology promotion services, medical research	IIT trial protocol design, project management, medical support	2022	60 days	Bank Transfer	9,285	5.5%	2,000	Beijing
Company J[4]	Medical device technology, medical research and experimental development	Management and statistics of real-world data, medical writing	2023	15 days	Bank Transfer	8,627	5.2%	5,000	Hunan
Hangzhou Tiger Consultation Co., Ltd. (杭州泰格醫藥科技股份有限公司) and its related parties	Technology development, management and statistical analysis of clinical trial data	Management of clinical projects, clinical monitoring, medical monitoring	2022	30 days	Bank Transfer	6,903	4.1%	872,418	Zhejiang
Company K[5]	Technology research and experimental development	IIT trial protocol design, project management, medical support	2023	30 days	Bank Transfer	6,746	4.0%	10,000	Beijing
Sub Total						57,404	34.2%		
Others						110,059	65.8%		
Total						167,463	100.0%		

Supplier[9]	Principal business	Products/services provided	Commencement of business relationship	Credit terms	Settlement method	Purchase amount	% of total purchases	Registered capital	Location
						(RMB'000)		*(RMB'000)*	
For the five months ended May 31, 2024									
Sichuan No.4 Construction Co., Ltd. (四川省第四建築有限公司)	Construction	Construction of the facility	2022	15 days	Bank Transfer	25,645	29.7%	200,000	Sichuan
Hangzhou Tiger Consultation Co. Ltd. (杭州泰格醫藥科技股份有限公司) and its related parties	Technology development, management and statistical analysis of clinical trial data	Management of clinical projects, clinical monitoring, medical monitoring	2022	30 days	Bank Transfer	4,626	5.4%	872,418	Zhejiang
Company M[6]	Clinical research services, medical writing, and statistics services	Management of clinical projects, clinical monitoring, medical monitoring	2023	30 days	Bank Transfer	3,808	4.4%	1,446	Beijing
CSO C[7]	Biopharmaceutical R&D, manufacturing and marketing	Marketing and promotion	2023	30 days	Bank Transfer	3,143	3.6%	100,000	Guangdong
Company N[8] and its related parties	Registrational clinical trials and post-marketing re-evaluation of clinical studies	Clinical research coordinator	2023	30 days	Bank Transfer	2,118	2.4%	13,182	Guangdong
Sub Total						39,340	45.5%		
Others						47,075	54.5%		
Total						86,415	100.0%		

Notes:

(1) Company G is a private company, which was established in 2021 with limited liability. It is primarily engaged in technology promotion services.

(2) CRO B is a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, headquartered in Beijing.

(3) Company H is a private company, which was established in 2016 and deregistered in February 2024.

(4) Company J is a private company, which was established in 2021 with limited liability.

(5) Company K is a private company, which was established in 2018 with limited liability.

(6) Company M is a private company, which was established in 2013 with limited liability.

(7) CSO C is a private company, which was established in 1993 with limited liability.

(8) Company N is a private company, which was established in 2009 with limited liability.

(9) Member entities of the same group are represented on a consolidated basis as a single supplier.

To the best of our knowledge, all our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates, or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

Raw Materials

For the production and development of our Utidelone Injection and product candidates, our principal raw materials primarily include culture mediums, as well as methanol and other auxiliary materials consumed during the preparation process. Most of our raw materials are widely available, and we are able to purchase them from suppliers in China and overseas according to our product development plans. We have a list of qualified raw material suppliers and review their qualifications on an annual basis by taking into consideration their cost, capability, production quality, prices, and reputation. 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. For example, we currently procure all products utilized in combination therapies, such as Xeloda, for R&D purpose at a fair and reasonable market price from a specific supplier, which is a distributor purchasing products from pharmaceutical companies. We have entered into a purchase agreement with the supplier, and the agreement ensures a stable supply chain for us. During the Track Record Period, we purchased products from the supplier based on the needs of our research and development, and we did not experience shortage or delays in the supply of such products. According to Frost & Sullivan, the market for such products is highly competitive, with numerous distributors offering similar or identical products at competitive prices. While we maintain our current collaboration, we also recognize the availability of alternative options in the event that changes in material factors necessitate exploring other arrangements. Based on the above, our Directors believe that adequate alternative sources for such products exist and we in general do not rely on any particular supplier. To monitor the quality of supplies, we implement a standardized operating system by setting out the procedures and guidelines on the procurement of raw materials, quality control inspection, review by the quality assurance department. As of the Latest Practicable Date, we purchased raw materials on an as-needed basis, and we did not experience any shortage or delays in the supply of raw materials.

INVENTORIES

Our inventories mainly consist of raw materials, work in progress and finished goods, which are separately stored in different areas of the warehouse according to their storage condition requirements, properties, usage and batch numbers. We have established an inventory management process that controls each stage of warehousing. The quality control department is responsible for the inspection, and logistics personnel is responsible for the storage, inventory and management of inventory.

To reduce the risk of inventory backlogs, we do regular physical inventory counts and stock check on a daily, quarterly, and semiannual basis to identify damaged products or expired or near expired products, and to dispose of or stockpile these products. Our logistics department, based on our annual or monthly production plan, grasps the inventory level of each production material as well as the minimum inventory level, and formulates a monthly procurement plan to avoid affecting the production progress. As of December 31, 2022 and 2023 and May 31, 2024, our inventories were RMB31.1 million, RMB27.3 million and RMB31.2 million, respectively. As of May 31, 2024, we had approximately 80 thousand vials of Utidelone Injection in stock, comprising (i) approximately 54 thousand vials for sales and clinical trials (the "**5ml Utidelone Injection**"). As of the Latest Practicable Date, approximately 36 thousand vials, or 66.7% of the 5ml Utidelone Injection had been sold or dispensed in clinical trials (other than the phase III clinical trials for the treatment of NSCLC). The remaining approximately 18 thousand vials of the 5ml Utidelone Injection are anticipated to reach the expiration date in June 2025, and we expect to sell or dispense them by the second half of 2024; and (ii) approximately 26 thousand vials of the 3ml Utidelone Injection, which were mainly produced for phase III clinical trials for the treatment of NSCLC and for the application to NMPA for the alteration of vial capacity. During the Track Record Period, we did not experience any material shortage of inventory. In the future, we plan to further optimize the inventory level by analyzing historical sales data to develop effective purchasing and production plans to optimize inventory management and align purchase and production amount with expected customer demand.

COMPETITION

Our industry is highly competitive and subject to rapid and significant change. While we believe that our technology platforms, programs in biopharmaceutical areas, and experienced leadership team could equip us with competitive advantages, we face potential competition from industry peers working to develop therapies targeting the same indications. These include major biopharmaceutical companies, specialty pharmaceutical and biotechnology companies. Any drug candidate that we successfully develop and commercialize will compete with existing drugs as well as with any new drug that may become available in the future.

We are committed to the development of chemotherapy drugs with a focus on a range of cancers such as breast cancer, NSCLC, gastric cancer, esophageal cancer, ovarian cancer, liver cancer, and glioblastoma. Our efforts to bring injections and capsules to the market for these indications face intense competition from a burgeoning landscape of pharmaceutical companies. Of particular note is the increasing trend of companies developing oral microtubule inhibitors, presenting challenges to our company. These competitors, irrespective of their size, are rapidly advancing in research and development.

The following table sets forth the addressable patient size for each of the targeted indications of the Company's product portfolio in China and globally in 2023, 2027 and 2030, as well as the rate of specific indication in total incidence and the availability of peer therapies that target selectively on different indications as of May 31, 2024:

Product	Indication	Incidence (2023, China)/ Thousand	Incidence (2027, China)/ Thousand	Incidence (2030, China)/ Thousand	Incidence (2023, Global)/ Thousand	Incidence (2027, Global)/ Thousand	Incidence (2030, Global)/ Thousand	Rate of specific indication in total incidence	Availability of peer therapies	Other chemotherapy drugs approved in China
Utidelone Injection	Relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen	85.0	93.3	99.3	560.4	634.7	704.9	Approximately 23% of total breast cancer	Yes, including chemical and biological targeted drugs	eribulin, lobaplatin, carmofur, chlorambucil, epirubicin, doxifluridine, capecitabine, gemcitabine, docetaxel, idarubicin, vinorelbine, paclitaxel, mitoxantrone, ifosfamide, mitomycin, doxorubicin, cyclophosphamide[1]
	Advanced NSCLC	588.4	652.1	698.5	1,377.6	1,537.0	1,660.1	Advanced rate 63.5%	Yes, including chemical and biological targeted drugs	pemetrexed, gemcitabine, docetaxel, vinorelbine, paclitaxel, ifosfamide
	Breast cancer Neoadjuvant	75.9	89.3	99.6	500.9	607.0	706.9	Early stage rate for neoadjuvant Chemotherapy 21%	Yes, including chemical and biological targeted drugs	docetaxel, paclitaxel, epirubicin, doxorubicin, pirarubicin, cyclophosphamide, epirubicin, platinum-based drugs[2]
	Breast cancer brain metastasis	45.6	49.8	52.7	301.0	338.7	374.4	Breast cancer brain metastasis rate 12.5%	Yes, including chemical targeted drugs	NA
	Lung cancer brain metastasis	185.3	205.4	220.0	433.9	484.1	522.9	Lung cancer brain metastasis rate 20.0%	NA	NA
	Glioblastoma	43.7	48.9	52.5	311.2	339.1	360.4	—	Yes, including biological targeted drugs	temozolomide
Utidelone Capsule	Advanced breast cancer	78.9	86.1	91.1	520.1	585.4	647.0	Advance rate 21.6%	Yes, including chemical and biological targeted drugs	eribulin, lobaplatin, carmofur, chlorambucil, epirubicin, doxifluridine, capecitabine, gemcitabine, docetaxel, idarubicin, vinorelbine, paclitaxel, mitoxantrone, ifosfamide, mitomycin, doxorubicin, cyclophosphamide
	Advanced gastric cancer	225.1	250.6	269.5	607.2	674.7	727.0	Advanced rate 61.0%	Yes, including chemical and biological targeted drugs	carmofur, epirubicin, doxifluridine, capecitabine, oxaliplatin, docetaxel, mitomycin, nimustine
	Advanced esophageal cancer	164.0	184.2	199.1	373.1	415.2	447.6	Advanced rate 71.0%	Yes, including chemical and biological targeted drugs	carmofur, epirubicin, doxifluridine, capecitabine, oxaliplatin, docetaxel, mitomycin, nimustine
	Advanced ovarian cancer	46.2	48.2	49.4	250.5	272.3	287.6	Advanced rate 75.0%	Yes, including chemical and biological targeted drugs	epirubicin, topotecan, paclitaxel, carboplatin, melphalan, cyclophosphamide
	Advanced liver cancer	295.5	321.8	341.2	698.9	773.7	831.4	Advanced rate 78.6%	Yes, including chemical and biological targeted drugs	mitomycin, mitoxantrone, epirubicin, nimustine

Source: Literature Review, SEER, Frost & Sullivan Analysis

Notes:

(1) There is no chemotherapy drug that is completely consistent with the approved indications of the company's products, so the focused indication is advanced breast cancer.

(2) Neoadjuvant therapy was developed later than most of the early approved chemotherapy drugs, so the drug label does not specify whether it is suitable for neoadjuvant therapy; chemotherapy drugs used for neoadjuvant therapy are derived from CSCO guideline recommendations.

For more information on the competitive landscape of our drug candidates, please see the section headed "Industry Overview — Microtubule Inhibitor Market — Comparison of Microtubule Inhibitor Chemotherapy Drugs" in this prospectus. There is also the possibility of emerging competitors targeting our key areas that we are not yet aware of. The success of our products, should they gain approval, hinges on their ability to outperform rivals in terms of efficacy, safety, convenience, cost, and the effectiveness of any companion diagnostics. However, our market opportunities could be significantly undermined if the competitors develop more effective, safer, more accessible, or less expensive therapies, or if they gain regulatory approvals before us, thereby securing a dominant market position.

EMPLOYEES

As of May 31, 2024, we had 230 employees in total, 57 among whom were stationed in our headquarters in Beijing, and 173 among whom were stationed in our manufacturing facility in Chengdu, Sichuan Province. We have 32 employees with a master's degree or higher and 133 with a bachelor's degree, accounting for 13.91% and 57.83%, respectively, of the total. The following table sets forth the number of our employees categorized by function as of May 31, 2024:

Function	Number	% of Total
Research and development	55	23.91%
Manufacturing	44	19.13%
Sale	79	34.35%
Management and others	37	16.09%
Finances	15	6.52%
Total	**230**	**100.00%**

We enter into individual employment contracts with our employees, covering salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause, and grounds for termination. We also enter into separate confidentiality and non-competition agreements with our senior management, certain key members of our R&D team, and other employees who have access to trade secrets or confidential information about our business.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We also offer share incentives and promotion opportunities to motivate our employees. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance) and housing provident funds pursuant to applicable laws and regulations. We have complied with all statutory social security insurance fund and housing fund obligations applicable to us under the laws and regulations in China in all material aspects during the Track Record Period and as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition, or results of operations.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business to safeguard against risks and unexpected events. Our insurance policies cover adverse events in our clinical trials. We maintain insurance for our employees in accordance with relevant PRC laws and regulations. We believe that our insurance coverage is adequate to cover our key assets, facilities, and liabilities. For more information, see "Risk Factors — Other 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."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are subject to various social, health, safety and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all social, health, safety and environmental protection regulations. Particularly, we believe that making a positive environmental, social and governance ("**ESG**") impact on our communities is an integral part of our business and essential to our sustainable development. We attach great importance to ESG matter. We incorporate a sustainable development approach in our daily business operation decisions. We acknowledge our responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have an impact on our business. We are committed to complying with ESG reporting requirements upon Listing.

Governance on ESG Matters

Our Board has adopted a set of ESG policies on ESG responsibilities (the "**ESG Policy**") in accordance with the standards of Appendix C2 to the Listing Rules. Our ESG Policy sets out different parties' respective responsibilities and authority in managing ESG matters. Our Board has overall responsibility for managing and supervising the ESG matters, including but not limited to discussing, evaluating and approving major issues, work objectives, information disclosure and external reporting in the ESG matters. As part of our efforts to promote corporate social responsibility and sustainable development, we are in the process of optimizing our ESG Policies and may engage professional external ESG consultants to help us establish and improve our ESG policies and standards.

We have also set up a dedicated ESG working team, which reports to our Board and is responsible for executing the ESG strategies and targets set by the Board. The members of this working group include the general manager, the human resources director, the production director and the internal audit director. The ESG working group serves a supportive role to our Board in implementing the agreed ESG Policy, targets and strategies; conducting materiality assessments of environmental-related, climate-related and resource utilization-related statistics and risks, and assessing how we adapt its business in light of climate change; cooperating with ESG consultants and collecting ESG data from different parties while preparing for the quantitative data collection form and qualitative information questionnaire for the ESG; and continuous monitoring of the

implementation of measures to address our Group's ESG-related risks. The ESG working group has to report to our Board on a quarterly basis on the ESG performance and the effectiveness of the ESG systems.

We have adopted an integrated environmental, health and safety (EHS) system, including occupational health management system, production safety responsibility system and environmental protection management system, and provide regular training to our employees on related systems.

Potential Impacts of ESG-Related Risks

As a synthetic biology-driven biopharmaceutical company, we use synthetic biology technology to produce Utidelone and other therapeutic agents through genetically engineered soil bacteria. The bacteria used are from soil, and the fermentation media are free of human derived components, no antibiotics are added. As a result, our use of synthetic biology would not pose significant risks to the environment. However, improper handling of relatively small amounts of organic solvents, such as methanol used during the purification of drug substance, may cause harm to the environment. From a wider perspective, as an emerging life science field, synthetic biology is advancing beyond the manipulation of microbes to yield desired cosmetical materials and therapeutic agents. Synthetic biology has thus increased the potential for misuse of the technology, potentially could cause risks to human health and the environment, including (i) Synthetic biology technology could produce harmful biological agents, and the accidental release of harmful agents from laboratories could pose health risks and environmental contamination; (ii) Genetically engineered bacteria could produce new allergens or toxins, causing allergic reactions or toxicity in humans; (iii) There might be unforeseen long-term impacts on human health and the environment due to the complexity of biological systems; and (iv) Rapid advancements in synthetic biology may outpace the development of appropriate regulatory frameworks, leading to inadequate oversight. If we fail to properly use synthetic biology technology and process the hazardous materials in compliance with relevant laws and regulations, cause injury to persons involved or contaminate the environment, we could incur significant costs associated with administrative, civil or criminal fines and penalties, lose our permit/certificate or be ordered to make substantial alternation to our business operations. See "Risk Factors — Risks Relating to Government Regulations — If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties and other negative consequences that could have a material adverse effect on the success of our business" for more details on the potential impact of such risks.

In addition, 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 to comply with such regulations, and we will monitor the scope to ensure our works meet the expectations of the regulators.

In view of the nature of our business, to the best knowledge of our Directors, 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, and make contingency plans in addition to the social 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 the 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.

During the Track Record Period and up to the Latest Practicable Date, we complied with the ESG-related laws and regulations during the Track Record Period, and have not received any fines or penalties associated with the breach of any environmental laws or regulations. 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.

Strategies for Addressing ESG-Related Risks

The potential far-reaching impacts of synthetic biology demand governance methods and research guidelines that promote its ethical and responsible use. To effectively address these risks, it is essential to adhere to the principles of human-centeredness, non-maleficence, sustainability, and reasonable risk control. Guided by these fundamental principles and taking into account China's specific circumstances, the future development and use of synthetic biology requires strengthening ethical review, promoting the establishment and implementation of relevant policies, improving legal safeguards through top-level design, and enhancing technical capabilities for biocontainment. Our Company has already established a framework for biosafety and ethical guidelines, which includes protocol for laboratory practices, training program for personnel, and incident reporting system. Building on these efforts, our Company will further adopt the following strategies from the fourth quarter of 2024 to 2025: (i) implementing internal comprehensive regulations to ensure the safe use of synthetic biology technologies and to minimize and prevent accidental release of harmful biological agents; (ii) conducting regular risk assessments and continuous monitoring of synthetic organisms; and (iii) investing in research to understand and mitigate potential risks associated with synthetic biology and genetically engineered bacteria after the Listing. Under the precautionary principle and strategies, stringent risk assessment and the inclusion of diverse stakeholder perspectives should be applied in the development and handling of innovative synthetic biology applications and products. By addressing these potential risks through proactive measures, the benefits of synthetic biology technology can be harnessed while minimizing potential harm to humans and the environment. We are committed to use synthetic biology only for the benefit of the people. We will strictly conduct our R & D activities with highest criteria of ethics and safety.

To better identify, assess and manage ESG-related risks, we use the LEC (likelihood, exposure and consequences) method to evaluate the potential impact of the risks. And we will adopt various strategies and measures to identify, assess, manage and mitigate environmental, social and climate-related risks, including but not limited to:

- reviewing and assessing the ESG reports of similar companies in the industry to ensure that all relevant ESG-related risks are identified on a timely basis.
- discussing among management from time to time to ensure all the material ESG areas are recognized and reported.
- discussing with key stakeholders on key ESG principles and practices to ensure that the significant aspects are covered.
- organizing a specific ESG risk management process to identify and consider ESG risks and opportunities separate from other business risks and opportunities.
- setting targets for environmental KPIs, including with regard to emission, pollution and other impact on the environment aimed at reducing emissions and natural resource consumption.

We will adopt comprehensive measures to mitigate environmental impact from our business, strategy and financial performance in the near, medium and long term, as summarized below:

Focus areas	Key measures
Exhaust gas management	• Adopt spray absorption purification and activated carbon adsorption treatment system • Arrange dedicated personnel to manage and maintain the daily operation of exhaust gas treatment facilities • install online monitoring equipment for monitoring
Sewage management	• Construct sewage treatment plant, treating by hydrolysis acidification and secondary biological contact oxidation system
Solid waste management	• Properly handle and dispose of solid waste as required • Set up hazardous waste storage sites in accordance with standards and establish a standardized hazardous waste management system • Engage qualified third-party suppliers for solid waste disposal, which is supervised by the environment, health and safety department

Focus areas	Key measures
Energy and resource conservation	• Conserve water by recycling of concentrated water in pure water stations • Improve energy-saving features such as energy-saving transformers

Our Group will conduct an enterprise risk assessment at least once a year to cover the current and potential risks faced by our Group, including, but not limited to, the risks arising from the ESG aspects and strategic risk around disruptive forces such as climate change. Our Board will assess or engage an external expert to evaluate the risks and review our Group's existing strategy, target and internal controls, and necessary improvement will be implemented to mitigate the risks. Our Board, Audit Committee, and the ESG working team will maintain oversight of our Group's approach to risk management, including climate-related risks and risks monitored as part of the standard operating processes to ensure the appropriate mitigations are in place of the regular management reviews.

The decision to mitigate, transfer, accept or control risk is influenced by various factors such as government regulation, transportation network and public perception. Our Group will incorporate climate-related issues, including physical and transition risk analysis, into our risk assessment processes and risk appetite setting. If the risk and opportunities are considered material, our Group will make reference to them in the course of the strategy and financial planning process. Upon annual review of the environmental, social and climate-related risks and our Group's performance in addressing the risks, we may revise and adjust the strategies as appropriate.

Metrics and Targets

We monitor the following metrics to assess and manage the environmental and climate-related risks arising from our business and manufacturing operations:

Resource consumption

- *Electricity consumption.* We have monitored our electricity consumption levels and implemented measures to improve energy efficiency since 2022. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our electricity consumption levels were 2.22 million kWh, 2.61 million kWh, and 1.16 million kWh, respectively.
- *Water consumption.* We have monitored our water consumption levels and implemented measures to promote water conservation since 2022. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our water consumption levels were 14,510.00 m^3, 15,441.00 m^3, and 6,457.00 m^3, respectively.

Pollutant management

- *Exhaust gas discharge.* We have monitored our exhaust gas discharge levels on a periodic basis since 2022. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our exhaust gas emissions were approximately 1.63 tons, 0.38 tons, and 0.34 tons, respectively. The significant decrease was mainly due to our Company's use of purchased steam from 2023, thereby, reducing the use of boiler steam. Such exhaust gas was properly treated prior to discharge.

- *Hazardous waste discharge.* The waste we produce during the manufacturing and R&D process is divided into hazardous waste (such as chemical waste and liquid) and non-hazardous waste (such as domestic waste from general office operations). We have monitored our hazardous waste discharge levels on a periodic basis since 2022. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, our hazardous waste discharge levels were approximately 18.84 tons, 6.43 tons, and 42.80 tons, respectively. Hazardous waste is mainly generated during the production of API, and the decrease in hazardous waste discharge primarily resulted from the decrease in the quantity of API produced in 2023, being approximately 44% of that in 2022. Additionally the product batch initially planned for production in the fourth quarter of 2023 was completed during the first quarter of 2024, hazardous waste incurred for the batch produced in the fourth quarter of 2023 is thus included in the 2024 discharge level. In addition to the aforementioned batch, the batch of API produced in the five months ended May 31, 2024 also led to the increase in the hazardous waste discharge level.

Based upon publicly available information and through comparison of environmental metrics with other pharmaceutical companies, during the Track Record Period, our per capita electricity consumption, per capita water consumption, per capita exhaust gas discharge, and per capita hazardous waste discharge are generally lower than or comparable to those of other pharmaceutical companies.

Our Board will set targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon listing. The relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion thoroughly and prudently with a view of balancing business growth and environmental protection to achieve sustainable development. We will make continuous efforts in working towards the target of not exceeding the previous year's per unit electricity and water consumption, gas emissions and hazardous waste discharge in 2024. Specifically, we will continue to adopt a wide range of environmental protection measures to limit resource consumption and emissions. In terms of resource consumption, we will (i) install and use energy-efficient equipment in our daily office and manufacturing processes; (ii) train employees to develop energy-saving and environmental awareness, fostering a culture of sustainability, such as automatically turning off equipment when not in use. In terms of waste generation and greenhouse gas emissions, we will (i)

regularly monitor and assess the sources of hazardous waste and handle it strictly in accordance with internal policies and legal regulations; (ii) adopt more environmentally friendly production processes and facilities when appropriate.

Our total cost of compliance with environmental protection and health and safety laws and regulations for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 was approximately RMB1.4 million, RMB2.65 million, and RMB0.66 million, respectively. We do not expect our costs of complying with current and future environmental protection and health and safety laws to increase significantly going forward.

Workplace Safety

We have adopted and maintained a series of rules, standard operating procedures, and measures to maintain our employees' healthy and safe environment. We implement safety guidelines that detail potential safety hazards, safe practices, accident prevention and accident reporting procedures, and we ensure that our employees properly acknowledge their understanding of safety matters on an ongoing basis as necessary. In particular, we (i) have formulated a comprehensive production safety responsibility system to clarify the responsibilities and obligations of all departments and personnel at all levels with respect to production safety, so as to strengthen the preventive measures; (ii) provide regular safety awareness training to our employees, such as training sessions on occupational health and safety; (iii) keep health records for all employees and conduct health examinations before and during their time at the company, especially for employees engaged in work involving occupational hazards; and (iv) have established an environmental protection management system, designated the main person in charge of environmental protection work, and equipped with appropriate environmental protection management and operation personnel. As of the Latest Practicable Date, we had not been involved in any significant workplace accident or fatality.

Workplace Diversity

Within our organization, we are committed to creating an open and inclusive workplace that promotes equality. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to them regardless of gender, age, race, religion or any other social or personal characteristics. As of May 31, 2024, more than 50% of our total employees were female. We adhere to a fair and transparent employee management system and strive to enhance the gender and age diversity of our workforce.

We have formulated human resource management policies that systematically outline recruitment processes, promotion processes, dismissal/resignation processes, performance evaluation methods, retention strategies, compensation and benefits procedures, employee training, and more. We particularly adhere to the company governance philosophy of prioritizing talent. We implement a merit-based recruitment approach to ensure our hiring practices follow the principles of openness, fairness, and impartiality.

Manufacturing and Clinical Trial Safety

We are committed to providing safe products to society through a comprehensive quality management system.

As a pharmaceutical manufacturing and research enterprise, we have established a comprehensive set of drug production quality management documents strictly in accordance with the PRC Drug Administration Law and the GMP. These documents include the internal control manual, quality manual, and quality standards compilation management procedures. The system covers policies, management standards, and specific operational procedures, ensuring the standardization of drug production and the rigor of quality management. And we have an experienced quality management team, consisting of 18 personnel, as of May 31, 2024. In practical operations, we conduct inspections of intermediate products and finished products, which are only released after dual inspection by the quality assurance department and the quality control department. Furthermore, during production, the quality assurance department supervises and inspects the entire production process and compliance with GMP requirements.

In order to enhance our clinical trial safety, we have adopted a series of measures:

- establishing and enforcing internal policies and procedures on clinical trial safety;
- regularly checking regulatory developments and updates;
- developing clinical trial protocols with reference to the latest regulations and guidelines on clinical trial safety;
- communicating with relevant employees and CROs on the regulatory compliance update and the enforcement of clinical trial protocols;
- revising protocols, investigators' brochures and informed consent forms and re-evaluating the safety risks periodically;
- monitoring adverse events of drugs and 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;
- conducting comprehensive analysis on the collected adverse events and evaluating the safety risks; and
- reporting serious adverse events and potential serious safety risks to regulatory authorities promptly.

During the Track Record Period and up to the Latest Practicable Date, we have not faced any significant claims or penalties due to product safety issues and have complied with all relevant Chinese laws and regulations in all material respects.

Supplier Management

We have effective supplier management in place, as we have established detailed internal rules governing the selection of suppliers, including CROs. When research services are needed, procurement requests are initiated by the R&D department. The R&D department evaluates CRO candidates based on project requirements, qualifications, ESG policies (including but not limited to the environmental friendliness of materials used, and the establishment of policies safeguarding employee rights), goodwill and reputation, and other factors, and requests specific documentation and data to ensure alignment with our Group's ESG policy. After the R&D department preliminarily selects CROs, service proposals are submitted for approval by department heads, the chief scientific officer, and the general manager of our Company. Once approved, CROs are engaged in accordance with our Group's service procurement policy.

Distributor Management

We have established an effective distributor management system with detailed internal regulations covering the selection, evaluation, and termination of distributors. For specific details, please refer to "Business — Our Sales Operations." Additionally, our distributor system strictly complies with the Two-Invoice System. As confirmed by our PRC Legal Advisor, our distributor system has, in all material respects, complied with the Two-Invoice System during the Track Record Period and up to the Latest Practicable Date. If a distributor fails to comply with applicable laws and regulations, we have the right to terminate the relevant distribution agreement. During the Track Record Period, we did not terminate any business relationships with distributors due to non-compliance with regulatory requirements.

Data Privacy Protection

We have implemented strict internal policies to protect information to ensure compliance with all applicable national or international rules and regulations on data protection and privacy. In accordance with our internal policy, the general manager is responsible for leading the confidentiality and management of information and data. Our administrative affairs department is responsible for the day-to-day management of data security and confidentiality, and all other departments have the responsibility and obligation to strictly observe the data security and confidentiality system.

The data and information required to be kept strictly confidential include clinical trial data, personal data of clinical trial participants, other clinical trial data, intellectual property, R&D results, significant investments, etc.

We usually require each of our internal departments to collect and safeguard confidential information in their possession. We have set up multiple barriers to protect confidential information. Our confidential information is stored in safe equipment and places, and we limit access to the information according to the level of confidentiality and set up various pre-approval procedures for the use of confidential information. In addition, we adopt measures such as setting up firewalls to restrict access rights and control data transmission paths, and we also ensure that data is not illegally accessed during transmission through permission settings and data encryption.

Furthermore, we enter into confidentiality agreements with our employees who have access to any aforementioned privacy information. The confidentiality agreements provide that, among others, these employees are legally obligated not to misuse confidential information while in office, to surrender all confidential information in possession while resigning, and to retain their confidential obligations after they leave office.

During the Track Record Period, we did not experience any breach of confidential information incidents that could cause a material adverse effect on our business, financial condition, or results of operations.

LAND AND PROPERTIES

Our headquarters is located in Beijing, China. As of May 31, 2024, we had a land use right to a land parcel located in Chengdu, Sichuan Province, with a site area of approximately 53,333 sq.m.. We also leased three properties in the PRC as our office premises and R&D center.

Owned Land and Properties

As of May 31, 2024, we owned seven properties located in Gaolin District, Western Hi-tech Industrial Development Zone, Chengdu, Sichuan Province, with a total GFA of approximately 10,576 sq.m., which were used as the industrialization base of the Utidelone Injection and the production transformation base of synthetic biology technology.

Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, valued our property interests as of August 31, 2024 and is of the opinion that the aggregate value of our property interests as of such date was RMB182.1 million. The letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix III to this Prospectus.

Leased Properties

As of May 31, 2024, we leased three properties from independent third parties as our office premises and R&D center in the PRC. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

The following table sets forth the details of our leased properties as of the Latest Practicable Date:

Location	Use of property	GFA	Expiration date
		(sq.m.)	
Beijing	Administration	503	June 7, 2025
Beijing	R&D and Administration	384	November 13, 2024
Beijing	Administration	398	February 28, 2027

GOVERNMENT SUPPORT

The following table summarizes the key government-supported R&D projects that we have undertaken as the responsible party as of the Latest Practicable Date:

Year of receipt and inspection	Authority	Project Name	Project Level
2022	Beijing Municipal Science and Technology Commission (北京市科委)	Clinical study of the national Class 1 anti-tumor innovative drug epothilone UTD1 (國家I類抗腫瘤新藥埃坡霉素UTD1的臨床研究)	Industrialization of Major Scientific and Technological Achievements (重大科技成果產業化)
2020	The Ministry of Science and Technology of the PRC (國家科技部)	Phase III clinical study of the national Class 1 anti-tumor innovative drug Youtidi (國家1類抗腫瘤新藥優替帝的III期臨床研究)	Major National Science and Technology Projects (科技重大專項)
2013	The Ministry of Science and Technology of the PRC (國家科技部)	Druggability study of the new epothilone DEMETHILONE as a Class 1 anti-tumor drug (新型埃博霉素DEMETHILONE作為I類抗腫瘤新藥的成藥性研究)	Major National Science and Technology Projects (科技重大專項)
2011	The Ministry of Science and Technology of the PRC (國家科技部)	Development of new epothilone anti-tumor drugs through combinatorial biosynthesis techniques (組合生物合成技術開發新型埃博霉素抗腫瘤新藥)	The 863 Program/State High-Tech Development Plan (863計劃)
2008	The Ministry of Science and Technology of the PRC (國家科技部)	Clinical study on the new epothilone Class 1 anti-cancer drug UTD1 injection (新型埃博霉素國家一類抗癌新藥UTD1注射液的臨床研究)	Science and Technology Small and Medium-Sized Enterprise Innovation Fund Project (科技型中小企業創新基金)

AWARDS AND RECOGNITION

The following table sets forth a summary of the major awards and recognition we received as of the Latest Practicable Date:

Award/recognition	Grant year	Granting authority
2023 China's Top 100 Pharmaceutical Innovation Enterprise (2023中國醫藥創新企業100強)	2023	E Medicine Manager (E藥經理人)
Beijing's "specialized and new" small and medium-sized enterprises (北京市「專精特新」中小企業)	2022	Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局)
2022 Top 100 Brand Influence (2022品牌影響力100強) 2022 Brand Influence Innovation Enterprise (2022品牌影響力創新企業)	2022	Organizing Committee for Brand Influence Development Forum and Results Release Event (品牌影響力發展論壇暨成果發佈活動組委會)
The 14th Healthy China Forum — Top Ten New Drugs (Domestic) List Utidelone Injection (UTD1)	2022	People's Daily Health app, and Health Times (人民日報健康客戶端和人民日報社《健康時報》)
Sichuan's "specialized and new" small and medium-sized enterprises (四川省「專精特新」中小企業)	2022	Sichuan Municipal Bureau of Economy and Information Technology (四川省經濟和信息化廳)
High and New Technology Enterprises (高新技術企業)	2021	Beijing Science &Technology Committee Beijing Municipal Finance Bureau Beijing Municipal Tax Service, State Taxation Administration
Sichuan High-level Innovation and Entrepreneurship Team (四川省高層次創新創業團隊)	2019	Sichuan Leading Group of Talent Work (四川省人才工作領導小組)
Chengdu Top Innovation and Entrepreneurship Team (頂尖創新創業團隊)	2018	Organization Department of the CPC Chengdu Committee Chengdu Human Resources and Social Security Bureau

PERMITS, LICENSES AND OTHER APPROVALS

Our PRC Legal Advisor has advised that during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits, approvals and certificates from the relevant government authorities that are material for the business operations of our Group.

The following table sets for the details of our key licenses and permits:

License/permit	Grant date	Expiry date	Granting authority
Drug Manufacturing Certificate — 20170462	September 19, 2022	September 18, 2027	Sichuan Provincial Drug Administration
Drug Registration Certificate — 2021S00233	/	March 10, 2026	National Medical Products Administration
Approval documents for drug clinical trials — 2007L00838	April 04, 2007	/	China Food and Drug Administration
Approval documents for drug clinical trials — 2011L00283	January 25, 2011	/	China Food and Drug Administration
Approval notice for drug clinical trial — 2022LP00533	March 26, 2022	/	National Medical Products Administration
Approval notice for drug clinical trial — 2022LP00534	March 26, 2022	/	National Medical Products Administration
Approval notice for drug clinical trial — 2022LP02013/2022LP02014	December 08, 2022	/	National Medical Products Administration
Approval notice for drug clinical trial IND163236	December 22, 2022	/	United States Food and Drug Administration
Approval notice for drug clinical trial IND161961	June 15, 2023	/	United States Food and Drug Administration
Approval notice for drug clinical trial IND162450	June 9, 2023	/	United States Food and Drug Administration
Approval notice for drug clinical trial 2024LP02039	September 9, 2024	/	National Medical Products Administration
Registration certificate of customs declaration Unit — 510136895B	/	Long-term[1]	Chengdu Customs District, People's Republic of China
Foreign trade operator declaration form — 05134600	August 25, 2021	/	/
Permit for urban sewage discharge into drainage network — Chuan A04 Certificate No. 202331	November 01, 2023	October 30, 2028	Ecological Environment and Urban Management Bureau of Chengdu Hi-tech Industrial Development Zone
Pollutant emission permit — 91510100327518346600 1P	March 13, 2023	March 12, 2028	Chengdu Municipal Bureau of Ecological Environment
Internet Drug Information Service Qualification Certificate	/	August 26, 2026	Beijing Municipal Medical Product Administration

Note:

(1) As advised by our PRC Legal Advisor, "long term" signifies an extended period of validity for this certificate. Specifically, this certificate does not have an exact expiration date, suggesting its validity continues indefinitely. However, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect in the future, we may be required to seek renewal or acquire additional approvals, permits, licenses, or certificates.

LEGAL PROCEEDING AND COMPLIANCE

In July 2022, Chengdu Biostar entered into an agreement with a building contractor (the "**Plaintiff**") for the construction of the phase II manufacturing facility in Chengdu, Sichuan Province (the "**Construction Agreement**"). In May 2024, the Plaintiff and Chengdu Biostar mutually agreed to terminate the Construction Agreement according to the terms and conditions thereof (the "**Termination Agreement**"). As the Plaintiff had previously agreed to accept an audit, an independent third-party auditor was engaged for auditing the construction work performed by the Plaintiff. According to the construction audit report issued by the auditor (the "**Construction Audit Report**"), the Plaintiff failed to fully perform the work as agreed under the Construction Agreement, and as a result, the total construction fee should be deducted by approximately 8.5 per cent (approximately RMB6.1 million). Given that Chengdu Biostar has paid 90 per cent of the total construction fee in accordance with the Construction Agreement, the Plaintiff is not entitled to the balance it claimed, approximately RMB6.8 million.

Due to the dispute over the balance claimed by the Plaintiff, the Plaintiff filed a lawsuit against Chengdu Biostar, as the defendant, and our Company, as the co-defendant, in the Primary People's Court of Chengdu High-tech Industrial Development Zone of Sichuan Province. The Plaintiff sought payment of the claimed balance of approximately RMB6.8 million, interest on such amount accruing from the date of filing the lawsuit until full payment is made, and litigation expenses (the "**Claims**"). In September 2024, Chengdu Biostar and our Company were served with summons and complaints. Currently, the lawsuit remains at preliminary stage and has not been scheduled for trial.

With regard to the Claims, our Directors are of the view that: (i) according to the Construction Audit Report, the total construction fee payable by Chengdu Biostar should be deducted, resulting in a balance that is less than the amount claimed by the Plaintiff; (ii) the construction fee is subject to deduction of the retention fee for quality assurance and other expenses, rendering the amount payable to the Plaintiff less than the amount it claimed; (iii) the Plaintiff and Chengdu Biostar have not agreed on the amount of construction fee, neither has the Plaintiff issued an invoice to Chengdu Biostar, and accordingly, the payment conditions have not been satisfied pursuant to the Termination Agreement; and (iv) the foundational construction of the facility has been completed and validated, meaning that the majority of the construction work has been finished. The next steps involve the purification and decoration of the facility and the installation of production equipment, and we will engage other companies to continue with these tasks to ensure the completion of the facility is on schedule. Therefore, the termination of the Construction Agreement will not have an adverse impact on the progress of the construction work. Based on the aforementioned, our Directors are of the view that the Claims are ungrounded and that the pending contract dispute is

unlikely to have any material adverse impact on our business, financial condition, results of operation or the Listing. Our PRC Legal Advisors are of the view that, taking into account the abovementioned and the relatively small amount of the Claims as compared to our net assets as of May 31, 2024, the pending contract dispute would not have any material adverse impact on our business, financial condition, results of operations, or the Listing.

Save as the above, as of the Latest Practicable Date, there was no other litigation, arbitration or administrative proceedings pending or threatened against the Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations. Potential future litigation or any other legal or administrative proceeding, regardless of the merit or outcome, is likely to result in substantial costs, diversion of our resources, and have a negative impact on our reputation and brand image, which in turn, would have negative impact on our business, financial condition, and results of operations. For more information on the potential impact of legal or administrative proceedings on us, see "Risk Factors — Other Risks Relating to Our Operations — We may be involved in lawsuits or other legal proceedings, which could adversely affect our business, financial conditions, results of operations and reputation".

We are of the view that, during the Track Record Period, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in, and no material administrative penalties imposed on us had been found that may have a material adverse effect on our Group's business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

Risk Management

We are exposed to various risks in our business operations, and we recognize that risk management is critical to our success. For more information, see "Risk Factors — Risks Relating to Our Business". We are also exposed to various market risks, in particular, credit, liquidity, interest rate and currency risks that arise in the normal course of our business. For more information, see "Financial Information — Market Risk Disclosure" for a discussion of these market risks.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate, and monitor key risks associated with our strategic objectives on an ongoing basis. Risks identified by management will be analyzed based on likelihood and impact and will be properly followed up, mitigated and rectified by our Company and reported to our Directors. Our audit committee, and ultimately our Directors supervise the implementation of our risk management policies.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- formulate the Anti-fraud System and other institutional documents to clarify the concepts and forms of fraud, the attribution of anti-fraud duties, the prevention and control of fraud, the accountability for fraud, remedial measures and penalties;
- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and
- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

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 internal control consultant (the "Internal Control Consultant") to perform certain agreed-upon procedures (the "Internal Control Review") in connection with the internal control during the period from October 1, 2022 to October 1, 2023 of our Company and our major operating subsidiaries in certain aspects, including entity-level controls, financial reporting and disclosure controls, human resources and payroll management, general controls of IT system, contract management, tangible and intangible asset management, and other procedures of our operations. The Internal Control Consultant performed the Internal Control Review during the period from November 13, 2023 to December 4, 2023, identified internal control deficiencies and provided recommendations accordingly. We have adopted the corresponding remediation actions to improve the effectiveness of the internal control system. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us and there are no 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 Company's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. 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, such as related party transaction, risk management, environmental protection and occupational health and safety. We have also adopted various measures and procedures regarding our business operation, for example. Our internal audit team conducts audit work to monitor the implementation of our internal control policies, reports any weaknesses 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 advisors, 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 to financial reporting as well as oversees internal control procedures of our Group.

- We have engaged Maxa Capital Limited as our compliance adviser to provide advice to our Directors and management team in respect of its financial results for the first full financial year after the date of listing.

- We maintain strict anti-corruption policies and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the biopharmaceutical industry.

We have implemented the anti-fraud management policy, which opposes and explicitly prohibits corruption, bribe-taking and bribery. The policy clarifies the forms of fraud, the ways of reporting, the incentives for whistleblowers, the responsibility and penalties for violators, as well as remedial measures to prevent all kinds of illegal, disorderly and corrupting behaviours that interfere with and undermine our business activities. We provide regular anti-corruption and anti-bribery compliance training for senior management and employees in order to enhance their knowledge of and compliance of applicable laws and regulations. In addition, we require our distributors to comply with anti-corruption and anti-fraud regulations through measures such as implementing reporting mechanisms for whistleblowers and including contractual provisions outlining consequences for non-compliance.

We will conduct periodic review of relevant laws and regulations and amend our internal policies to ensure compliance with the latest applicable laws and regulations.

OVERVIEW

Our Board currently consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors serve for a term of three years and shall be subject to re-election upon retirement. Our Board is responsible for and has general powers over the management and operation of our business.

Our Supervisory Committee currently consists of three Supervisors. Our Supervisory Committee is responsible for supervising the performance of our Board and our senior management in carrying out their duties and overseeing the financial, internal control and risk conditions of our Company.

Our senior management currently consists of six members who are responsible for the day-to-day management and operation of our business.

DIRECTORS

The following table sets forth the key information about our Directors.

Name	Age	Current position(s)	Responsibilities	Date of joining our Group	Date of appointment as Director	Relationship(s) with other Directors, supervisors and senior management
Executive Directors						
Dr. Tang Li (唐莉)	61	Chairperson, Executive Director, chief scientific officer and chief marketing officer	Responsible for the overall management, decision-making, R&D, marketing and strategic planning of our Group	July 2002 (as the non-executive Director)	July 11, 2002	Spouse of Dr. Qiu Rongguo Sister of Mr. Tang Jin
Dr. Qiu Rongguo (邱榮國)	62	Vice-chairperson, Executive Director, chief executive officer and general manager	Responsible for the overall management, strategic planning and R&D of our Group	July 2002	July 11, 2002	Spouse of Dr. Tang Li
Mr. Zhang Cheng (張成)	49	Executive Director and deputy general manager	Responsible for the overall production quality management of our Group	June 2015	August 15, 2018	Nil
Dr. Guan Jin (關津)	41	Executive Director and deputy general manager	Responsible for project management, business development and the public relations of our Group	March 2022	March 2, 2023	Nil

Name	Age	Current position(s)	Responsibilities	Date of joining our Group	Date of appointment as Director	Relationship(s) with other Directors, supervisors and senior management
Non-executive Directors						
Mr. Tang Jin (唐進)	69	Non-executive Director	Responsible for providing guidance and advice on the human resources and administrative matters to the Board	December 2015	December 28, 2023	Brother of Dr. Tang Li
Mr. Zhu Pai (朱湃)	32	Non-executive Director	Responsible for providing guidance and advice on the corporate and business strategies of our Group	October 2021	October 9, 2021	Nil
Independent Non-executive Directors						
Dr. Meng Songdong (孟頌東)	54	Independent Non-executive Director	Supervising and providing independent advice to our Board	March 2022	March 11, 2022	Nil
Ms. Qi Jingyao (漆靜瑤)	39	Independent Non-executive Director	Supervising and providing independent advice to our Board	September 2024	September 27, 2024	Nil
Mr. Ran Dong (冉棟)	38	Independent Non-executive Director	Supervising and providing independent advice to our Board	December 2023	December 28, 2023	Nil

Executive Directors

Dr. Tang Li (唐莉), aged 61, the co-founder of our Group, has been serving as a Director since January 2005, as the chairperson of the Board since July 2020, and as the chief scientific officer and the chief marketing officer of our Company since March 2021. She was re-designated as our executive Director in December 2023. Dr. Tang is primarily responsible for the overall management, decision-making, R&D, marketing and strategic planning of our Group. Dr. Tang has been our key driving force in innovation and has been overseeing our science-driven R&D efforts since the establishment of our Company.

Dr. Tang first joined our Group as the non-executive Director of Beijing Biostar Technologies Ltd.* (北京華昊中天生物技術有限公司), the predecessor of our Company, from July 2002 to January 2005. Dr. Tang then served in various positions at our Company, including (i) the director from January 2005 to October 2011; (ii) the director and the vice-chairperson of the Board from October 2011 to July 2020; (iii) the chairperson of the Board from July 2020 to March 2021; and (iv) the chairperson of the Board, the chief scientific officer and chief marketing officer of our Company since March 2021.

Dr. Tang has also been serving as the general manager of Chengdu Biostar since February 2016 and as the director, the chief executive officer and the chief financial officer at Biostar Pharma, Inc. since July 2022. Dr. Tang has also been serving as (i) the director, the president, the accountant and the secretary at Baygen QT Inc. since August 2004; (ii) the chairperson of the board of Beijing Baygen since September 2011; (iii) the managing partner of Zhuhai Jingrong since September 2020; (iv) the managing partner of Zhuhai Huajin since November 2020; (v) the managing partner of Zhuhai Huaxin since January 2021; and (vi) the managing partner of Zhuhai Huarong since March 2022.

Dr. Tang, having over 40 years of experience in the biotechnology field, was engaged in research and study in the field of biopharmaceuticals since 1983, she (i) served as an intern researcher at Chengdu Institute of Biological Products* (成都生物製品研究所) from July 1983 to August 1985; (ii) studied in microbial genetical engineering in the Graduate School of Peking Union Medical College* (中國協和醫科大學研究生院) in the PRC from September 1985 to July 1988; (iii) served as an assistant researcher at the Institute of Pharmaceutical Biotechnology of the Chinese Academy of Medical Sciences* (中國醫學科學院醫藥生物技術研究所) from August 1988 to December 1989; (iv) attended the Ph.D program in microbiology at the University of Wisconsin-Madison in the USA during September 1990 to January 1994; (v) was a postdoctoral research fellow at the University of Wisconsin-Madison School of Pharmacy from February 1994 to April 1998; (vi) served as a senior scientist at Kosan Biosciences, Inc. from May 1998 to October 2004; and (vii) served as professor at the Dalian University of Technology* (大連理工大學) from December 2006 to September 2012.

Dr. Tang obtained (i) a bachelor's degree of science in microbiology from Wuhan University (武漢大學) in the PRC in July 1983; (ii) a master's degree of science in microbial genetical engineering from the Graduate School of Peking Union Medical College* (中國協和醫科大學研究生院) in the PRC in October 1988; and (iii) a Ph.D degree from the University of Wisconsin-Madison in the USA in August 1994. She has published more than 40 research papers in the biotechnology field, and is the inventor of more than 40 patents.

Dr. Tang was a recipient of the National Outstanding Youth Science Fund* (國家傑出青年科學基金獲得者) as awarded by the National Natural Science Foundation of China* (國家自然科學基金委員會).

Dr. Qiu Rongguo (邱榮國), aged 62, as the co-founder of our Group, has been serving as a Director and the chief executive officer of our Company since July 2002 and March 2021, respectively, and as the vice-chairperson of the Board since July 2020. Dr. Qiu has been serving as the general manager since July 2002. He was re-designated as an executive Director in December 2023. He is responsible for the overall management, strategic planning and R&D of our Group. Dr. Qiu has also been serving as the executive director of Chengdu Biostar Pharmaceuticals Co., Ltd* (成都華昊中天藥業有限公司) since January 2015 and as the director and the secretary of Biostar Pharma, Inc. since July 2022.

Dr. Qiu has over 40 years of experience in the biomedical field. Dr. Qiu (i) served as a lecturer at the School of Medicine of Sun Yat-sen University (中山大學醫學院) from December 1986 to January 1990; (ii) served as a research scholar at the University of California, San Francisco from February 1990 to September 1992; (iii) served as an associate scientist at Onyx Pharmaceuticals, Inc. from October 1992 to December 1997; (iv) was a postdoctoral research fellow at the University of California, Berkeley from January 1998 to October 2000; (v) served a scientist at Kosan Biosciences, Inc. from October 2000 to December 2001; (vi) served as a project leader at Panomics, Inc. from January 2002 to June 2002; and (vii) a professor at Dalian University of Technology* (大連理工大學) from December 2006 to September 2012. Dr. Qiu has also been serving as the director of Beijing Baygen since September 2011.

Dr. Qiu obtained a bachelor's degree in virology and a master's degree in viral biochemistry from Wuhan University (武漢大學) in the PRC in July 1983 and August 1987, respectively. He received his Ph.D degree in cellular and molecular biology from the Utrecht University in May 1997. Dr. Qiu has published more than 40 research papers, and is the inventor of more than 15 patents.

Mr. Zhang Cheng (張成), aged 49, has been serving as a Director since August 2018 and the deputy general manager of our Company since March 2021. He was re-designated as an executive Director in December 2023. He is responsible for the overall production quality management of our Group. Mr. Zhang first joined our Group in June 2015 and was appointed as an executive deputy general manager of Chengdu Biostar Pharmaceuticals Co., Ltd* (成都華昊中天藥業有限公司) in September 2016.

Mr. Zhang has over 20 years of experience in the biotechnology industry. Prior to joining our Group, Mr. Zhang successively worked in Chengdu Pharmaceutical Factory No.5* (成都製藥伍廠) and Sichuan Bollink Pharmaceutical Co., Ltd.* (四川寶興製藥有限公司) since September 1998. Mr. Zhang then served at Chengdu Xinlibang Bio-pharmaceutical Co., Ltd.* (成都信立邦生物製藥有限公司) from January 2003 to May 2015.

Mr. Zhang obtained a bachelor's degree of engineering in industrial analysis from the China University of Geosciences (Wuhan) (中國地質大學(武漢)) in the PRC in June 1998 and a master's degree of engineering in pharmaceutical engineering from Sichuan University (四川大學) in the PRC in December 2013.

Dr. Guan Jin (關津), aged 41, was appointed as a Director and a deputy general manager of our Company in March 2023. He was re-designated as an executive Director in December 2023. He is responsible for project management, business development and the public relations of our Group.

Dr. Guan has over 12 years of experience in the pharmaceutical industry. Dr. Guan's previous work experiences include serving as: (i) an intern at AustarPharma LLC from October 2009 to July 2010; (ii) an employee at China Resources Saike Pharmaceutical Co., Ltd.* (華潤賽科藥業有限責任公司) from August 2011 to September 2012; (iii) a technical manager at Eddingpharm (China) Co., Ltd.* (億騰醫藥(中國)有限公司) from November 2012 to November 2015; and (iv) as a senior director of project management at Taizhou EOC Pharma Co., Ltd. (泰州億騰景昂藥業股份有限公司) from November 2015 to March 2022.

Dr. Guan was qualified as a licensed pharmacist accredited by the Beijing Municipal Human Resources and Social Security Bureau* (北京市人力資源和社會保障局) in 2015 and a deputy chief pharmacist accredited by the Jiangsu Province Senior Title Examination and Recognition Committee* (江蘇省高級職稱考核認定委員會) in 2020. Dr. Guan was recognized as a China Medical City "113 Talent Plan" High-level Talents* (中國醫藥城"113人才計劃"高層次人才) by the Office of the Leading Group for the Construction of China Pharmaceutical City's "Talent Zone"* (中國醫藥城"人才特區"建設領導小組辦公室) in 2016, as a Jiangsu Province "six talent peaks" high-level talent* (江蘇省"六大人才高峰"高層次人才) by the Department of Human Resources and Social Security of Jiangsu Province* (江蘇省人力資源和社會保障廳) in 2017, as one of the Jiangsu Province "Innovative and entrepreneurial Talents"* (江蘇省"雙創人才") by the Organization Department of the Jiangsu Provincial Committee of the CPC* (中共江蘇省委組織部) and other authorities in 2018 and the Jiangsu Province "333 high-level talent training project"* (江蘇省"333高層次人才培養工程") by the Jiangsu Provincial Talent Work Leading Group Office* (江蘇省人才工作領導小組辦公室) in 2022.

Dr. Guan obtained a bachelor's degree in pharmacy (English) and a doctorate degree in pharmaceutics from Shenyang Pharmaceutical University (瀋陽藥科大學) in the PRC in July 2006 and June 2011, respectively.

Non-executive Directors

Mr. Tang Jin (唐進), aged 69, was appointed as a non-executive Director of our Company in December 2023. He is responsible for providing guidance and advice on the human resources and administrative matters to the Board. Mr. Tang first joined our Group in December 2015 as a manager of the general department of Chengdu Biostar. He has also been serving as the deputy director of administration and deputy director of human resources of Chengdu Biostar since January 2022.

Mr. Tang's previous working experiences include serving at: (i) Sichuan Forestry Technical School* (四川省林業技工學校) as a lecturer from August 1983 to August 1988; (ii) Lezhi Phosphate Fertilizer Factory* (樂至縣磷肥廠) as a worker from October 1988 to June 1994 and successively as the head of equipment section and the assistant factory director from June 1994 to July 1995; (iii) a chemical machinery engineer at the Industrial Bureau of Lezhi County* (樂至縣工業局) from January 1994 to December 1996; and (iv) Sichuan Lezhi Fine Chemical Industry Co., Ltd.* (四川省樂至縣精細化工有限公司) as the deputy manager from July 1995 and as director since September 1997. Mr. Tang retired in September 2006 until he joined our Company in December 2015.

Mr. Tang was qualified as a mechanical engineer accredited by the Leading Group of Title Reform of Neijiang City* (內江市職稱改革領導小組) in August 1993.

Mr. Tang obtained a bachelor's degree of engineering in forestry machinery design and manufacturing form Northeast Forestry College* (東北林學院) in the PRC in July 1983.

Mr. Zhu Pai (朱湃), aged 32, was appointed as a non-executive Director of our Company in October 2021. He is responsible for providing guidance and advice on corporate and business strategies of our Group.

Mr. Zhu's previous work experiences include serving as: (i) a director at Shenzhen Jinbaihui Investment Management Co., Ltd.* (深圳金柏匯投資管理有限公司) from August 2016 to March 2021; (ii) a project manager at Guosen Securities Co., Ltd.* (國信證券股份有限公司) from December 2016 to May 2018; (iii) an executive director and general manager at Shenzhen Yifeng Holding Group Co., Ltd.* (深圳市倚鋒控股集團有限公司) from June 2018 to March 2021; (iv) a managing partner of Shenzhen Qiaoyue Venture Centre Enterprise (Limited Partnership)* (深圳市喬悦創業中心企業(有限合夥)) from October 2019 to February 2022; (v) a director at OBiO Technology (Shanghai) Corp., Ltd.* (和元生物技術(上海)股份有限公司) from August 2020 to October 2022; (vi) a supervisor at Jiaxing Kaishi Biological Technology Co.,Ltd.* (嘉興凱實生物科技股份有限公司) from December 2020 to December 2021; and (vii) a non-executive director of ShenZhen Sinaean Co_Tech Energy Technology Co., Ltd.* (深圳世能科泰能源技術股份有限公司) from February 2021 to August 2022.

Mr. Zhu has also been serving as: (i) a representative of the managing partners of Shenzhen Yifeng Investment Management Enterprise (Limited Partnership)* (深圳市倚鋒投資管理企業(有限合夥)); (ii) a supervisor of Shenzhen Yifeng Holding Group Co., Ltd.* (深圳市倚鋒控股集團有限公司) since March 2021; (iii) the executive director and general manager of Shenzhen Yifeng Investment Development Co., Ltd.* (深圳市倚鋒投資發展有限公司) since December 2020; (iv) the executive director and general manager of Hainan Yifeng Junma Private Equity Fund Management Co., Ltd.* (海南倚鋒駿馬私募基金管理有限公司) since December 2020; (v) a director of Shenzhen Turier Biotech Co. Ltd.* (深圳市圖微安創科技開發有限公司) since May 2019; (vi) a director of Beijing Amsino Medical Instruments Co., Ltd.* (北京美中雙和醫療器械股份有限公司) since May 2021; (vii) a director of Hubei Tianqin Biotechnology Co., Ltd.* (湖北天勤生物科技有限公司) since November 2023; (viii) a director of 3D Medicines Inc. since June 2021; and (ix) a non-executive director of Shenzhen Huayuan Regenerative Medicine Co., Ltd.* (深圳華源再生醫學有限公司) since February 2023.

Mr. Zhu obtained his bachelor's degree of arts from the University of California, San Diego, the USA in March 2016.

Independent Non-executive Directors

Dr. Meng Songdong (孟頌東), aged 54, was appointed as an independent non-executive Director of our Company in March 2022. He is responsible for supervising and providing independent advice to our Board.

Dr. Meng has over 16 years of experience in the microbiology industry. Dr. Meng has been serving as (i) a researcher of the Institute of Microbiology, Chinese Academy of Sciences* (中國科學院微生物研究所) since 2007; (ii) an executive director and manager of Foshan HeatShock Biotechnology Co., Ltd.* (佛山熱休生物技術有限公司) since January 2018; (iii) a leading scientist of Taihe Huamei (Zhejiang) Pharmaceutical Technology Co., Ltd.* (太和華美(浙江)醫藥科技股份有限公司) since January 2016; (iv) an executive director of Beijing HeatShock Biotechnology Co.,

Ltd.* (北京熱休生物技術有限公司) since July 2016; (v) a supervisor of Hehong Zhongke (Xiamen) Biote technology Co., Ltd.* (和泓中科(廈門)生物科技有限公司) since September 2016; (vi) a managing partner of Ningbo Reji Investment Management Partnership (Limited Partnership)* (寧波熱激投資管理合夥企業(有限合夥)) since January 2018; (vii) a managing partner of Ningbo Rexiu Pharmaceutical Investment Management Partnership (Limited Partnership)* (寧波熱休醫藥投資管理合夥企業(有限合夥)) since January 2018; (viii) a supervisor of Hainan Thermo Health Biotechnology Co., Ltd.* (海南熱美健康生物科技有限公司) since May 2021; and (ix) a manager at Chongqing HeatShock Biotechnology Co., Ltd.* (重慶熱休生物技術有限公司) from March 2022 to December 2022.

Dr. Meng graduated from Xinjiang University (新疆大學) in the PRC in July 1991, and later graduated from the Xinjiang Institute of Ecology and Geography Chinese Academy of Sciences* (中國科學院新疆生態與地理研究所) in the PRC in June 1994. He then obtained a doctorate degree of science in microbiology from the Institute of Applied Ecology, Chinese Academy of Sciences* (中國科學院瀋陽應用生態研究所) in the PRC in July 1998 and completed his post-doctoral study at the Institute of Microbiology, Chinese Academy of Sciences* (中國科學院微生物研究所) in the PRC in 2001. He later completed his postdoctoral studies at the University of Texas Southwestern Medical Center, USA in May 2006.

Ms. Qi Jingyao (漆靜瑤), aged 39, was appointed as an independent non-executive Director of our Company in September 2024. She is responsible for supervising and providing independent advice to our Board.

Ms. Qi has over 12 years of experience in the legal industry. Her previous work experience includes serving as a lawyer at Jingtian & Gongcheng (Chengdu)* (北京市競天公誠(成都)律師事務所) from June 2012 to February 2022. Since March 2022, she has successively served as a lawyer and a partner at Beijing Yingke (Chengdu) Law Firm* (北京盈科(成都)律師事務所), where she holds several key roles, including being a member of the Young Leading Talent Pool for Foreign-Related Legal Services* (青年領軍涉外法律服務人才庫成員) since December 2022, a director of the Hong Kong, Macau, Taiwan, and Overseas Chinese Legal Affairs Committee* (台港澳及涉僑法律專業委員會) since July 2023, the deputy director of the Cultural Branding Committee of the Management Committee* (管委會文化品牌委員會) since February 2024 and the deputy director of the Capital and Securities Legal Affairs Department* (資本與證券法律事務部) since September 2022.

Ms. Qi has been elected as a representative at the 10th Sichuan Lawyers' Congress* (四川省第十屆律師代表大會) in August 2022, a member of the 7th Foreign Legal Affairs Committee of the Chengdu Lawyers' Association* (成都市律師協會第七屆涉外法律專業委員會), and the deputy secretary-general of the 10th International Investment, Financing, and Trade Professional Committee of the Sichuan Lawyers' Association* (四川省律師協會第十屆國際投融資貿易專業委員會) in November 2022. Ms. Qi was qualified as a Senior Corporate Compliance Officer as accredited by China Enterprises Evaluation Association in May 2023. She has also been recognized as an Outstanding Young Lawyer of Chengdu* (成都市優秀青年律師) for the years 2018 to 2020, an "Outstanding Financial and Capital Markets Lawyer of 2023" and an "Outstanding Lawyer of 2022" of Beijing Yingke (Chengdu) Law Firm* (北京盈科(成都)律師事務所).

Ms. Qi obtained a bachelor's degree in law from Beijing Normal University, Zhuhai in July 2007 and a master's degree in economic law from Sichuan University in June 2010.

Mr. Ran Dong (冉棟), aged 38, was appointed as an independent non-executive Director of our Company in December 2023. He is responsible for supervising and providing independent advice to our Board.

Mr. Ran has over 15 years of experience in the finance industry. Mr. Ran's previous work experiences include serving as: (i) an analyst in BOCI Asia Limited from August 2008 to March 2010; (ii) an analyst at Rothschild (Hong Kong) Limited from April 2010 to August 2011; (iii) an analyst at Macquarie Group from August 2011 to July 2015; (iv) a director at UBS Securities Hong Kong Limited from June 2015 to July 2017; and (v) a vice president at Macquarie Group from October 2017 to September 2020. Mr. Ran has been the chief financial officer of Fenbi Ltd. (a company listed on the Stock Exchange with stock code: 2469) since November 2020.

Mr. Ran obtained a bachelor's degree in economics and finance from the University of Hong Kong (香港大學) in June 2008. He is a registered financial risk manager recognized by Global Association of Risk Professionals (全球風險專業人士協會) since August 2019.

SUPERVISORS

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include supervising the performance of duty of the Board and the senior management of our Company and overseeing the financial, internal control and risk conditions of our Company.

The following table sets forth the key information of our Supervisors:

Name	Age	Position	Responsibilities	Date of joining our Group	Date of the first appointment as a Supervisor	Relationship with other Directors and senior management
Mr. Zhang Shufeng (張樹豐) . . .	56	Chairperson of the Supervisory Committee	Overseeing the operations activities of our Group	February 2016	February 17, 2016	Nil
Ms. Zhou Quan (周荃)	38	Supervisor and financial manager	Overseeing the financial activities of our Group	October 2009	December 1, 2016	Nil
Mr. Kong Rixiang (孔日祥) . . .	48	Employee representative Supervisor and R&D director	Overseeing the operations activities of our Group	March 2003	March 27, 2021	Nil

Mr. Zhang Shufeng (張樹豐), aged 56, has been serving as a Supervisor since February 2016 and the chairperson of the Supervisory Committee since March 2021. He is responsible for overseeing operations activities of our Group.

Mr. Zhang has been serving as (i) a director of Beijing Kaibang Optical Fibre Technology Co., Ltd.* (北京凱邦光纖科技有限公司) since its establishment in November 2001; (ii) a director of Beijing Intellec Technology Co., Ltd.* (北京英特萊科技有限公司) since August 2013; (iii) a director of Beijing Anglin Maofeng Technology Co., Ltd.* (北京昂林貿烽科技有限公司) since June 2014; (iv) a supervisor of Shanghai Electric Kanda Medical Equipment Group Co., Ltd.* (上海電氣康達醫療器械集團股份有限公司) since November 2014; (v) a director of Beijing Chongde Yingsheng Investment Management Co., Ltd.* (北京崇德英盛投資管理有限公司) since August 2016; (vi) a director of Tianjin Anglin Maofeng High-Tech Material Co., Ltd.* (天津昂林貿烽高新材料有限公司) since March 2017; (vii) a director of Beijing Chongde Yingsheng Venture Capital Co., Ltd.* (北京崇德英盛創業投資有限公司) since June 2016; (viii) a director of Beijing Junke Huayuan Pharmaceutical Technology Co., Ltd.* (北京君科華元醫藥科技有限公司) since October 2019; (ix) the legal representative and a manager of Chongde Hongxin (Beijing) Investment Management Co., Ltd.* (崇德弘信(北京)投資管理有限公司) since November 2019; and (x) a director of Beijing China Education Emergency Technology Co., Ltd.* (北京中教應急科技有限公司) since May 2021.

Mr. Zhang graduated from Jilin University of Technology (吉林工業大學) in the PRC in July 1990 and obtained a master's degree in business administration from Tsinghua University (清華大學) in the PRC in July 1999.

Ms. Zhou Quan (周荃), aged 38, has been serving as a Supervisor since December 2016. Ms. Zhou first joined our Group in October 2009 as the accountant of our Company. She then served as a financial manager of our Company. Ms. Zhou also served as a supervisor and a financial manager of Chengdu Biostar Pharmaceuticals Co., Ltd* (成都華昊中天藥業有限公司) since August 2020 and January 2022, respectively. She is responsible for overseeing the financial matters of our Group.

Ms. Zhou obtained a bachelor's degree of engineering in transportation from Southwest Jiaotong University (西南交通大學) in the PRC in June 2009.

Mr. Kong Rixiang (孔日祥), aged 48, has been serving as our employee representative Supervisor since March 2021. He is responsible for overseeing the operations activities of our Group. Mr. Kong has been engaged in R&D in our Company since March 2003 and has been serving as the R&D director of our Company since December 2018.

Prior to joining our Group, Mr. Kong served as an association officer at the China Membrane Industry Association* (中國膜工業協會) from August 2002 to February 2003.

Mr. Kong obtained a bachelor's degree of engineering in biochemistry and a master's degree of engineering in fermentation engineering from Tianjin University of Science and Technology (天津科技大學) in the PRC in July 1999 and April 2002, respectively.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operations of our Group. For the biographical details of Dr. Tang Li, Dr. Qiu Rongguo, Dr. Guan Jin and Mr. Zhang Cheng, please refer to the paragraphs headed "— Directors" in this section.

In addition to our Directors, our Group has the following senior management members.

Name	Age	Position	Responsibilities	Date of joining our Group	Date of appointment as senior management
Mr. Liu Kailin (劉開林) . . .	42	Secretary of the Board and investment director	Assisting the Board and responsible for corporate information disclosure and investor relations management of our Group	July 2020	September 4, 2020
Mr. Peng Fei (彭飛)	51	Financial director	Responsible for the finance, accounting and tax matters of our Group	December 2021	March 7, 2022

Mr. Liu Kailin (劉開林), aged 42, has been serving as the investment director of our Company since July 2020 and secretary of the Board of our Company and the investment director since September 2020. He is responsible for assisting the Board and corporate information disclosure and investor relations management of our Group.

Mr. Liu served at Guosen Securities Co., Ltd. (國信證券股份有限公司) from May 2008 to March 2014, as a vice president of the capital market department at China Securities Co., Ltd (中信建投證券股份有限公司) from April 2014 to February 2015, as a senior manager of the equity sales department of Morgan Stanley Huaxin Securities Company Limited (摩根士丹利華鑫證券有限責任公司) from March 2015 to July 2018 and as a director of the investment banking department at UBS Securities Co. Limited (瑞銀證券有限責任公司) from July 2018 to July 2020.

Mr. Liu obtained a bachelor's degree of economics in international economics and trade from Northwest University of Political Science and Law (西北政法大學) in the PRC in July 2006 and a master's degree of economics in applied economics and finance from Nankai University (南開大學) in the PRC in June 2008.

Mr. Peng Fei (彭飛), aged 51, has been serving as the financial director of our Company in March 2022. He is responsible for the finance, accounting and tax matters of our Group.

Mr. Peng was engaged in financial management in the Third Division of the Bureau of Factory Construction of the Ministry of Railways* (鐵道部建廠局三處) from September 1991 to August 2004. He then served as the financial director of Chengdu Ruixin Biopharma Technology Co., Ltd.* (成都瑞欣生物醫藥技術有限公司) from September 2004 to March 2012, as at Sinco Pharmaceutical Holdings Limited (a company listed on the Stock Exchange with stock code: 6833) and/or its subsidiaries from July 2013 to March 2021, with his last position as the deputy financial director at Sinco Pharmaceutical Holdings Limited, as the deputy general manager at Sichuan Sinco Pharmaceutical Co., Ltd. (四川興科蓉藥業有限責任公司), and as the general manager at Tibet Linzhi Ziguang Pharmaceutical Co., Ltd* (西藏林芝紫光藥業有限責任公司). He then served and as the financial director at Tibet Yuewang Pharmaceutical Clinic Eco-Tibetan Pharmaceutical Technology Co., Ltd.* (西藏月王藥診生態藏藥科技有限公司) from March 2021 to December 2021.

Mr. Peng was qualified as a registered tax agent by the Sichuan Provincial Personnel Department* (四川省人事廳) in April 2009, as a senior accountant by the Chengdu Municipal Title Reform Leading Group* (成都市職稱改革工作領導小組) in April 2013 and as a certified public accountant by the Sichuan Association of Certified Public Accountants* (四川省註冊會計師協會) in April 2017.

Mr. Peng graduated from the Southwest University of Finance and Economics (西南財經大學) in the PRC in December 2006.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above and in "Appendix VIII — Statutory and General Information — C. Further Information about Directors and Supervisors" and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, each of our Directors and our Supervisors confirms with respect to himself or herself that (i) he/she did not hold any other positions or short positions in the Shares, underlying Shares, debentures of our Company and/or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (ii) he/she had no other relationship with any Directors, Supervisors, senior management and/or substantial shareholders or Single Largest Group of Shareholders of our Company as of the Latest Practicable Date; (iii) he/she did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong and/or overseas in the three years immediately preceding the date of this prospectus; and (iv) there are no other matters concerning our Directors' or Supervisors' appointments that need to be brought to the attention of our Shareholders and the Hong Kong Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT DURING THE TRACK RECORD PERIOD

The changes in Directors during the Track Record Period were as follows:

In March 2022, Dr. Nie Xiuqing (聶秀清), who was appointed as a Director in March 2021, resigned due to personal career development reasons and was replaced by Dr. Xie Heng (謝恆). In March 2023, Dr. Xie Heng resigned for personal reasons and was succeeded by Dr. Guan Jin (關津), who currently serves as an executive Director.

In December 2023, Mr. Li Yupeng (李宇鵬), a former Director nominated by one of our Company's Shareholders in March 2021, was replaced by Mr. Tang Jin (唐進), who was nominated by one of our Company's Shareholders and currently serves as a non-executive Director.

In March 2022, two former independent non-executive Directors, Dr. Wu Xiaobing (吳小兵) and Ms. Li Xinyu (李心愉), resigned due to their personal reasons. Dr. Meng Songdong (孟頌東) and Dr. Xu Yanfang (許艷芳) were appointed as independent non-executive Directors in March 2022. In December 2023, Dr. Xu Yanfang resigned due to personal reasons and was replaced by Mr. Ran Dong (冉棟).

For biographical details of Dr. Guan Jin, Mr. Tang Jin and Mr. Ran Dong, please refer to the paragraphs headed "— Directors" in this section.

Regarding senior management of the Company, changes in the positions of the deputy general manager and the financial director of our Company during the Track Record Period were as follows:

Dr. Nie Xiuqing was appointed as the deputy general manager of our Company in March 2021 and resigned in March 2022 for personal career development reasons. After Dr. Nie Xiuqing's resignation, Dr. Xie Heng took over as the deputy general manager in April, and subsequently resigned in March 2023 due to personal reason and was succeeded by Dr. Guan Jin as the deputy general manager of our Company.

Mr. Yang Jianting (楊建廷) was appointed as the finance director of our Company in March 2021 and subsequently resigned in March 2022 for personal career development reasons. Mr. Peng Fei (彭飛) was then appointed as the new finance director in March 2022 after the departure of Mr. Yang Jianting. For biographical details of Mr. Peng Fei, please refer to the paragraphs headed "— Senior Management" in this section.

To the best of the knowledge of the Directors, our Group had and has no material disputes or disagreements with the aforementioned Directors and members of the senior management. Since (a) the majority of the Directors involved in the day-to-day management of the Group remained unchanged, and (b) the responsibilities of the relevant personnel were smoothly handed over to the respective successors who have since performed excellently, our Company is of the view that, these changes in Directors and senior management did not have any significant adverse impact on our Group's operations or financial position.

Our Company has strengthened and refined our internal management system and fostered a core corporate culture, implementing the following effective measures to address the personnel turnover issues:

(i) *Confidentiality and non-competition*. All employees are required to sign a non-compete agreement upon joining the Group. Both the non-compete agreement and the employment contract specify the legal responsibilities of employees for breaching their obligations. To minimize risks of employees engaging in activities that are detrimental to the Company, the Company ensures that access to confidential information and business secrets is only granted to employees on a need-to-know basis.

(ii) *Employee management*. To enhance and enforce accountability, the Company has established an appraisal policy that encompasses regular assessment of business performance and sets out incentives and penalties for employees. Further, the Company has organized company events and also enhanced employee welfare in order to strengthen employee job satisfaction and build a stronger sense of belonging among its employees.

Joint Sponsors' view

Having considered the above and the independent due diligence conducted by the Joint Sponsors, the Joint Sponsors concur the view of the Directors that the departures of the Directors and senior management have caused no material adverse impact on our Company's operation and the Listing.

JOINT COMPANY SECRETARIES

Mr. Liu Kailin, was appointed as one of the joint company secretaries of our Company with effect from the Listing. For further details of Mr. Liu, please refer to the paragraph "— Senior Management" above.

Mr. Chan Yik Pun (陳奕斌) was appointed as one of our joint company secretaries with effect from the Listing. Mr. Chan is currently the chief financial officer of Tianfang Jincheng (HK) Limited. Mr. Chan has over 18 years of experience in financial accounting. He successively served as the financial controller and head of finance of Tianfang Hospitality Management Pte. Ltd., company secretary of Natural Food International Holding Limited, the financial controller in the hotel division of Sun Hung Kai Real Estate Agency Limited, the financial controller and the company secretary of Zall Group Ltd., the senior finance manager of Chaoyue Group Limited, the senior accountant of Ernst & Young (Shanghai)/Ernst & Young (Australia), and the senior accountant of Grant Thornton LLP.

Mr. Chan obtained a bachelor's degree in business from Monash University. He is a certified public accountant in Hong Kong.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee include, but are not limited to, (i) supervising and evaluating the external auditor; (ii) guiding and supervising the internal auditor and communicating between the internal audit and the external audit; and (iii) reviewing and monitoring the operation of our financial reporting system, internal control system and risk management system. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ran Dong, Ms. Qi Jingyao and Dr. Meng Songdong. Mr. Ran Dong is the chairperson of the Audit Committee and is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the nomination committee include but are not limited to, (i) reviewing the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; and (iii) making recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Meng Songdong, Mr. Ran Dong and Dr. Tang Li. Dr. Meng Songdong is the chairperson of the Nomination Committee and is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Assessment Committee

We have established a Remuneration and Assessment Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Assessment Committee are include but are not limited to, (i) establishing, reviewing and providing advices to the Board on our policy and structure concerning remuneration of our Directors and senior management; (ii) determining the terms of the specific remuneration package of each executive Director and senior management; and (iii) establishing and reviewing performance-based remuneration by reference to the remuneration

level of other relevant enterprises and relevant positions. The Remuneration and Assessment Committee comprises one executive Director and two independent non-executive Directors, namely Ms. Qi Jingyao, Dr. Meng Songdong and Dr. Qiu Rongguo. Ms. Qi Jingyao is the chairperson of the Remuneration and Assessment Committee.

Strategy Committee

We have established a Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to (i) reviewing and commenting on the long-term development and strategy planning of our Company and advising the Board on related matters; (ii) reviewing and commenting on the operational, investment, financing and R&D plans and advising the Board on related matters; and (iii) supervising the implementation of the plans and the corporate government matters and advising the Board. The Strategy Committee comprises three executive Directors, namely Dr. Tang Li, Dr. Qiu Rongguo and Dr. Guan Jin. Dr. Tang Li is the chairperson of the Strategy Committee.

KEY TERMS OF EMPLOYMENT CONTRACT

We normally enter into employment contracts and confidentiality agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Confidentiality

The relevant employee shall keep in confidence and shall not disclose our trade secrets, including but not limited to our technical information and operational information in confidence during the term of their employment and thereafter.

No Conflict

During the term of the employment contract, unless expressly agreed by us, the employee shall not engage in any part-time job or activities that create a conflict of interest with us. If the employee breaches this provision, we may choose to terminate the employment contract and hold the employee accountable for all of the loss incurred by us as a result of the breach.

Non-competition

Within 2 years from the date of termination, release, or retirement of the labor contract between the employee and our Company (the "**Non-compete Period**") and during the course of employment by our Group, he/she shall not, among other things, directly or indirectly engage in any business that competes with us. In addition, the employee shall not have any business connection with any our customer during the Non-compete Period (the "**Non-compete Requirement**"). We will notify the employee in written if the Non-compete Requirement is applicable to him/her.

Service Invention

The intellectual property rights in any invention, work or non-patent technical result that is (i) resulted from performing employee duties or (ii) developed mainly using our material, technologies and information shall belong to our Group.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 10 or August 22, 2024, and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his independence at the time of his appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the Listing.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, our Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of our Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as biology, medicine and finance. They obtained degrees in various areas

including molecular immunology, clinical medicine, bioscience and economics. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises 1 female Director and 8 male Directors, ranging from 31 years old to 68 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. Our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the Listing, the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in our annual corporate governance report.

REMUNERATION OF OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT, AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The remuneration of our Company's Directors, Supervisors and senior management mainly consists of salaries, bonuses and share incentive schemes.

The Remuneration and Assessment Committee has been set up under the Board of Directors of our Company, with the main duties of considering and supervising the implementation of the remuneration system and performance appraisal system with effective incentives and restraints, making recommendations to the Board of Directors in respect of the remuneration system, performance appraisal system and incentive schemes for the Directors, Supervisors and senior management of our Company, as well as evaluating the performance and conduct of the Directors and senior management.

The aggregate amount of remuneration (including salaries, allowances, benefits in kinds, discretionary bonuses, retirement scheme contributions, share-based payments and directors' fee of independent non-executive Director) paid or payable to the Directors and Supervisors (who served during the Track Record Period) for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, amounted to RMB64.1 million, RMB40.4 million and RMB5.6 million, respectively; the aggregate amount of remuneration (including salaries, allowances, benefits in kinds, discretionary bonuses, retirement scheme contributions and directors' fee of independent non-executive Director, excluding share-based payments paid or payable to the Directors and

Supervisors (who served during the Track Record Period) for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, amounted to RMB8.2 million, RMB8.5 million and RMB3.4 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration (including salaries, bonuses and share incentive schemes) payable by our Group to our Directors and Supervisors for the year ending December 31, 2024 is expected to be approximately RMB10.1 million.

The aggregate amount of remuneration (including salaries, allowances, benefits in kinds, discretionary bonuses, retirement scheme contributions, share-based payments and directors' fee of independent non-executive Director) paid or payable to the five highest-paid individuals (of which five, three and three out of the five highest paid individuals for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, respectively, are Directors) of our Group for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, amounted to RMB61.7 million, RMB40.1 million and RMB6.8 million, respectively; the aggregate amount of remuneration (including salaries, allowances, benefits in kinds, discretionary bonuses and retirement scheme contributions, excluding share-based payments and directors' fee of independent non-executive Director) paid or payable to the five highest-paid individuals of our Group for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, amounted to RMB6.0 million, RMB4.5 million and RMB3.3 million, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any subsidiary of our Company.

During the Track Record Period, none of our Directors, Supervisors or the five highest-paid individuals waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or our subsidiary to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISER

Our Company has appointed Maxa Capital Limited as our Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the proceeds from 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

(iv) where the Stock Exchange makes an inquiry to our Company in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Dr. Tang Li directly held approximately 1.03% issued share capital of our Company, whilst Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, all of which were controlled by Dr. Tang Li, held in aggregate approximately 28.44% of the issued share capital of our Company. Therefore, Dr. Tang Li, Dr. Qiu Rongguo (being spouse of Dr. Tang Li), Baygen QT Inc., Beijing Baygen, Zhuhai Huaxin, Zhuhai Huajin, Zhuhai Jingrong and Zhuhai Huarong, were in aggregate entitled to exercise approximately 29.47% (slightly lower than 30%) of the voting rights in our Company, and constituted our Single Largest Group of Shareholders. Immediately upon completion of the Global Offering, our Single Largest Group of Shareholders will hold approximately 28.29% of the total issued share capital of our Company.

Pursuant to a joint-control agreement dated September 15, 2022, Dr. Tang Li and Dr. Qiu Rongguo agreed mutually that each of them shall discuss with each other before casting any votes at meetings of the Shareholders; and in the event Dr. Tang Li and Dr. Qiu Rongguo are unable to reach consensus, the view of Dr. Tang Li shall prevail and Dr. Qiu Rongguo shall vote accordingly. Pursuant to an irrevocable proxy dated August 21, 2021 made among Dr. Tang Li, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu had granted an irrevocable proxy vesting all voting power in the issued and outstanding shares of Baygen QT Inc. to Dr. Tang Li. For further details the paragraph headed "History, Development and Corporate Structure — Corporate Structure — Corporate Structure Immediately before Completion of the Global Offering".

For background and biographical details of Dr. Tang Li and Dr. Qiu Rongguo, please refer to the paragraphs headed "Directors, Supervisors and Senior Management — Board of Directors — Executive Directors." in this prospectus.

COMPETITION

As of the Latest Practicable Date, our Single Largest Group of Shareholders confirmed that none of them had any interest in any business, other than our business, which competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and their respective close associates upon Listing.

Management Independence

Our Board currently comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Each of Dr. Tang Li and Dr. Qiu Rongguo, being part of our Single Largest Group of Shareholders, is one of our executive Director and Dr. Tang Li is the chairperson of our Board. Our management and operation decisions are made by

the Board in a collective manner. We believe all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted towards the quorum. Further, our Company's three independent non-executive Directors will bring independent judgement to the decision-making process of the Board. Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently and our Directors are of the view that we are capable of managing our business independently from our Single Largest Group of Shareholders and their respective close associates following the completion of the Global Offering.

Operational Independence

Our Company has full rights to make all decisions on and to carry out our own business operations independently. We have independent access to our customers and suppliers and are also in possession of all relevant licenses, intellectual properties, R&D facilities and qualifications necessary to carry on and operate our current business. We also have sufficient operational capacity in terms of capital, facilities, technology and employees to operate independently from our Single Largest Group of Shareholders and their respective close associates. Based on the above, our Directors are of the view that we are operationally independent from our Single Largest Group of Shareholders and their respective close associates following the completion of the Global Offering.

Financial Independence

Our Company has a financial system independent from our Single Largest Group of Shareholders and makes financial decisions according to our Company's own business needs. We have an independent internal control and accounting system and also have an independent finance department responsible for discharging the treasury, accounting and reporting function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Group of Shareholders. As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by our Single Largest Group of Shareholders or their respective associates to the Group, and that will remain so upon the Listing Date. Based on the above, our Directors are of the view that we are financially independent from our Single Largest Group of Shareholders and their respective close associates following the completion of the Global Offering.

DEED OF NON-COMPETITION

Dr. Tang Li and Dr. Qiu Rongguo, both being members of our Single Largest Group of Shareholders, have entered into the Deed of Non-Competition in favor of our Company, pursuant to which they have unconditionally and irrevocably undertaken to our Company that they will not, and will procure their close associates (save for members of our Group) not to directly or indirectly be involved in, interested in or undertake any business that directly or indirectly competes, or may compete, with our business (collectively referred to as the "**Restricted Businesses**"), or hold shares or interest in any company or business that competes or may compete directly or indirectly with the

business engaged by us from time to time, or conduct any Restricted Businesses, except where Dr. Tang Li, Dr. Qiu Rongguo and their close associates hold less than 10% of interest of such company, which is engaged in any business that may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company.

Dr. Tang Li and Dr. Qiu Rongguo have also undertaken in the Deed of Non-Competition that if they or any of their associates (save for members of our Group) become aware of any business opportunity to own, invest in, participate in, develop, operate or engage in any Restricted Business (the "**Business Opportunity**"), they shall, and shall procure their associates (save for members of our Group) to first refer the Business Opportunity to our Company in writing immediately upon becoming aware of it by identifying the target company or business, the nature of the Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Business Opportunity. Any decision on whether to take up the Business Opportunity shall be decided by our independent non-executive Directors. Dr. Tang Li, Dr. Qiu Rongguo or any of their associates (save for members of our Group) may only take up the Business Opportunity after our Company has issued a written confirmation signed by the independent non-executive Directors confirming that our Company has decided not to take up the Business Opportunity or our Company fails to respond within 20 business days.

If there is any material change in the nature, terms or conditions of such Business Opportunity pursued by Dr. Tang Li, Dr. Qiu Rongguo or their associates, they shall, and shall procure their associates to, refer such Business Opportunity as so revised to our Company as if it were a new Business Opportunity.

Dr. Tang Li and Dr. Qiu Rongguo have undertaken in the Deed of Non-Competition that if they, or any of their associates (save for members of our Group) intend to transfer, sell, lease or license loyalties to a third party, any Restricted Business (collectively, the "**Disposals**"), they shall, and shall procure their associates (save for members of our Group) to offer our Group the right of first refusal in terms of such businesses and interest with the equal terms subject to relevant laws and regulations or contractual arrangements with third parties.

Dr. Tang Li and Dr. Qiu Rongguo have undertaken in the Deed of Non-Competition that provided that no applicable laws or regulations are breached and agreements with third parties are complied with, our Group is entitled to acquire any businesses operated by Dr. Tang Li, Dr. Qiu Rongguo or any of their associates (save for members of our Group) which fall within the Restricted Businesses or any businesses or interests which are gained through the aforementioned Business Opportunities (the "**Option for Purchase**"). Our Group is entitled to exercise the Option for Purchase at any time, and Dr. Tang Li, Dr. Qiu Rongguo or any of their associates (save for members of our Group) shall offer the Option for Purchase to our Group based on the conditions as follows: the commercial terms of the acquisition shall be formed solely by the committee consisting of our independent non-executive Directors after consulting the views of independent experts and such commercial terms shall be based on negotiation between the parties in line with normal commercial practice of our Group which is fair, reasonable and in the interests of our Group as a whole, as in accordance with the negotiations with Dr. Tang Li, Dr. Qiu Rongguo and their

associates. However, if a third party has the right of first refusal in accordance with applicable laws and regulations and/or a prior legally binding document (including, but not limited to, articles of association and shareholders' agreements), the Option for Purchase of our Group shall be subject to such third-party rights. In such a case, Dr. Tang Li and/or Dr. Qiu Rongguo shall use, and shall procure that their associates (save for members of our Group) will use, its/their best efforts to persuade the third party to waive its right of first refusal.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Group of Shareholders and our Company and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(i) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective close associates has a material interest, our Single Largest Group of Shareholders will abstain from voting on the resolutions and shall not be counted in the quorum in the voting;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if any transaction that is proposed between our Company and our Single Largest Group of Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

(iii) our Single Largest Group of Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the annual review, including all relevant financial, operational and market information;

(iv) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements as required by the Listing Rules;

(v) 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 expense;

(vi) we have appointed Maxa Capital Limited as our compliance adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to Directors' duties; and

(vii) we have established our audit committee, remuneration and assessment committee, nomination committee and strategy committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance in Appendix 14 to the Listing Rules.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the Listing.

So far as our Directors are aware, immediately following the completion of the Global Offering and the conversion of the Unlisted Shares to H Shares, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of the Company:

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering		
Name of Shareholder	Capacity/ Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company (%)	Number and description of the Shares	Approximate percentage of interest in the Company[1] (%)	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1][6] (%)
Dr. Tang Li[2][3][5]	Beneficial owner; interest of spouse; interest in controlled corporations	103,134,814 Unlisted Shares	29.47	57,830,299 Unlisted Shares	15.86	39.11
				45,304,515 H Shares	12.43	20.90
Dr. Qiu Rongguo[2][3][5]	Interest of spouse; interest in controlled corporation	103,134,814 Unlisted Shares	29.47	57,830,299 Unlisted Shares	15.86	39.11
				45,304,515 H Shares	12.43	20.90
Kevin Zhang[5]	Interest in controlled corporation	40,505,885 Unlisted Shares	11.57	20,252,942 Unlisted Shares	5.56	13.70
				20,252,943 H Shares	5.56	9.35
Hannah Qiu[5]	Interest in controlled corporation	40,505,885 Unlisted Shares	11.57	20,252,942 Unlisted Shares	5.56	13.70
				20,252,943 H Shares	5.56	9.35
Baygen QT Inc.[5]	Beneficial owner	40,505,885 Unlisted Shares	11.57	20,252,942 Unlisted Shares	5.56	13.70
				20,252,943 H Shares	5.56	9.35

Name of Shareholder	Capacity/ Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering		
		Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company[1]	Approximate percentage of interest in the Unlisted Shares/ H Shares (as appropriate)[1][6]
			(%)		(%)	(%)
Shanghai Xinsheng . . .	Beneficial owner	34,798,296 Unlisted Shares	9.94	6,798,296 Unlisted Shares	1.86	4.60
				28,000,000 H Shares	7.68	12.92
SDIC VC	Beneficial owner	29,426,685 Unlisted Shares	8.41	29,426,685 Unlisted Shares	8.07	19.90
Shanghai Haidai	Beneficial owner	24,475,926 Unlisted Shares	6.99	12,237,963 Unlisted Shares	3.36	8.28
				12,237,963 H Shares	3.36	5.65
Efung Investment[6]	Interest in controlled corporation	21,827,261 Unlisted Shares	6.24	21,827,261 H Shares	5.99	10.07
Zhuhai Jingrong[3]	Beneficial owner	20,392,815 Unlisted Shares	5.83	12,235,689 Unlisted Shares	3.36	8.27
				8,157,126 H Shares	2.24	3.76
Zhuhai Huajin[4]	Beneficial owner	19,220,863 Unlisted Shares	5.49	11,532,518 Unlisted Shares	3.16	7.80
				7,688,345 H Shares	2.11	3.55

(1) The calculation is based on the total number of 147,867,143 Unlisted Shares and 216,720,857 H Shares in issue upon Listing comprising (i) an aggregate of 202,132,857 Share to be converted from the Unlisted Shares and (ii) 14,588,000 to be issued pursuant to the Global Offering.

(2) Dr. Tang Li is the spouse of Dr. Qiu Rongguo. Accordingly, Dr. Tang Li is deemed to be interested in any Shares Dr. Qiu Rongguo is interested and Dr. Qiu Rongguo is deemed to be interested in any Shares Dr. Tang Li is interested for the purpose of the SFO.

(3) As of the Latest Practicable Date, Dr. Tang Li is the general partner of and Dr. Qiu Rongguo is a limited partner of Zhuhai Jingrong, which owns 5.83% of the total issued Shares. As of the Latest Practicable Date, Zhuhai Jingrong is owned as to 51% by Dr. Tang Li and 49% by Dr. Qiu Rongguo. Accordingly, Dr. Tang Li is deemed to be interested in such Shares held by Zhuhai Jingrong for the purpose of the SFO. As the general partner of Zhuhai Jingrong, Dr. Tang Li is deemed to have de facto control in Zhuhai Jingrong and hence is a controller of Zhuhai Jingrong. As of the Latest Practicable Date, Beijing Baygen owns 0.12% of the total issued Shares, and is owned as to 51% by Dr. Tang Li and 49% by Dr. Qiu Rongguo. Accordingly, Dr. Tang Li and Dr. Qiu Rongguo are deemed to be interested in such Shares for the purpose of the SFO.

(4) As of the Latest Practicable Date, Dr. Tang Li is the general partner of Zhuhai Huajin, being one of our Employee Incentive Platforms, which owns 5.49% of the total issued Shares. Accordingly, Dr. Tang Li is deemed to be interested in such Shares held by Zhuhai Huajin for the purpose of the SFO. As the general partner of Zhuhai Huajin, Dr. Tang Li is deemed to have de facto control in Zhuhai Huajin and hence is a controller of Zhuhai Huajin.

(5) As of the Latest Practicable Date, Baygen QT Inc. is owned as to 43.5%, 43.5%, 6.5% and 6.5% by Kevin Zhang, Hannah Qiu, Dr. Tang Li and Dr. Qiu Rongguo respectively. Kevin Zhang and Hannah Qiu are Dr. Tang Li's son and daughter. Based on an irrevocable proxy dated August 21, 2021 made among Dr. Tang Li, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu, Dr. Qiu Rongguo, Kevin Zhang and Hannah Qiu had granted an irrevocable proxy vesting all voting power in the issued and outstanding shares of Baygen QT Inc. to Tang Li. Accordingly, Baygen QT Inc. is a corporation controlled by Dr. Tang Li, and Dr. Tang Li is deemed to be interest in such Shares for the purpose of the SFO. For further details on the control and power over Baygen QT Inc., please refer to the paragraph headed "History, Development and Corporate Structure — Corporate Structure — Corporate Structure Immediately before Completion of the global Offering".

(6) As of the Latest Practicable Date, Efung Investment Management Limited Partnership Enterprise* (深圳市倚鋒投資管理企業(有限合夥)) ("Efung Investment") is the general partner of Efung Ruihua and Efung XIV, each owns 4.68% and 1.56% of the total issued Shares.

(7) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, 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 meeting of the Company or any other member of our Group. Our Company is not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

IMMEDIATELY BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the issued share capital of our Company was RMB350,000,000, comprising 350,000,000 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Description of Shares[1]	Number of Shares	Approximate percentage to the total share capital of our Company (%)
Unlisted Shares in issue	147,867,143	40.56
H Shares converted from Unlisted Shares[2]	202,132,857	55.44
H Shares issued under the Global Offering	14,588,000	4.00
Total	364,588,000	100.00

(1) For the avoidance of doubt, both Unlisted Shares (comprising Domestic Shares and Unlisted Foreign Shares) and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) Please refer to the paragraphs headed "History, Development and Corporate Structure — Pre-IPO Investments — Capitalization of our Company" in this prospectus for details of the identities of the Shareholders whose Shares will be converted into H Shares upon Listing.

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. Except as stated above, all the H Shares held by other Shareholders upon Listing will be counted towards the public float for the purpose of Rules 8.08 and 18A.07 of the Listing Rules.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering.

OUR SHARES

The H Shares, to be issued following the completion of the Global Offering and converted from the Unlisted Shares, and the Unlisted Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, investors of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and 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. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations by the CSRC and our Articles of Association, the holders of these Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares upon the Global Offering, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that:

(i) the H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and

(ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, please refer to the paragraphs headed "History, Development and Corporate Structure — Pre-IPO Investments — Capitalization of Our Company" in this prospectus.

DOMESTIC PROCEDURES

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) According to the Notice of the SAFE 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》), the Full Circulation Participating Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(iii) The Full Circulation Participating Shareholders shall submit trading orders of the Converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the

transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Unlisted Shares converted and increased by the number of H Shares so converted.

A Shareholder holding Domestic Shares not converted into H Shares can work with our Company according to the Articles of Association and follow the procedures set out in this prospectus to convert the Domestic Shares into H Shares after the Listing if they want, provided that such conversion of Domestic Shares into and listing and trading of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by our Company.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Our Directors, Supervisors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are listed and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of our Company.

REGISTRATION OF SHARES NOT LISTED ON AN 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》), domestic shareholders of unlisted shares shall, in accordance with the relevant business rules of the CSDC, handle the transfer registration of shares, complete the procedures of share registration and stock listing in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the law and regulations. The H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

THE CORNERSTONE PLACING

We have entered into four cornerstone investment agreements (the "**Cornerstone Investment Agreements**," and each a "**Cornerstone Investment Agreement**") with the cornerstone investors set out below (the "**Cornerstone Investors**," and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price a certain number of Offer Shares with certain investment amount (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$16.0 per Offer Share (being the low end of the Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 11,109,200, representing approximately 3.05% of the total Shares in issue upon the completion of the Global Offering and 76.15% of the Offer Shares offered pursuant to the Global Offering, and the total subscription amount by the Cornerstone Investors would be approximately HK$177,747,200.

Assuming an Offer Price of HK$19.0 per Offer Share (being the mid-point of the Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 9,355,000, representing approximately 2.57% of the total Shares in issue upon the completion of the Global Offering and 64.13% of the Offer Shares offered pursuant to the Global Offering, and the total subscription amount by the Cornerstone Investors would be approximately HK$177,745,000.

Assuming an Offer Price of HK$22.0 per Offer Share (being the high end of the Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 8,079,400, representing approximately 2.22% of the total Shares in issue upon the completion of the Global Offering and 55.38% of the Offer Shares offered pursuant to the Global Offering, and the total subscription amount by the Cornerstone Investors would be approximately HK$177,746,800.

Our Company is of the view that the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares then in issue upon completion of the Global Offering and to be listed on the Stock Exchange and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Such Offer Shares will not be counted towards the public float of our Company for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of our Company (as defined under the Listing Rules). As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Investment Agreements would be financed by their own internal financial resources. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements

compared with other public Shareholders, and none of the Cornerstone Investors or any of their affiliates, directors, officers, employees, agents or representatives, has accepted or entered into any agreement or side arrangement to accept any direct or indirect benefits by side letter or otherwise, from the Company, any member of our Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Chapter 4.15 of the Guide for New Listing Applicants.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering-The Hong Kong Public Offering-Reallocation" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be published by our Company on or around October 30, 2024.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in our Company's H Shares commence on the Stock Exchange. There will be no deferred settlement or delayed delivery for the investment amounts pursuant to the Cornerstone Investment Agreements and the consideration will be settled by the Cornerstone Investors on or before the Listing Date.

To the best knowledge of our Company,

(i) there is no side agreement or arrangement between the Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing;

(ii) save as disclosed in this section, no other Cornerstone Investors or their shareholders are listed on any stock exchanges;

(iii) each of the Cornerstone Investors is an Independent Third Party;

(iv) none of the Cornerstone Investors is accustomed to taking instructions from our Company, our subsidiaries, our Directors, our Supervisors, chief executive, substantial Shareholders, or existing Shareholders or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and

(v) none of the subscription of the Offer Shares by the Cornerstone Investors are financed by our Company, our subsidiaries, our Directors, our Supervisors, chief executive, substantial Shareholders, or existing Shareholders or any of their respective close associates.

THE CORNERSTONE INVESTORS

The Company has entered into the Cornerstone Investment Agreements with Novotech SG (as defined below), Baheal Wellness (as defined below), SilkyWater Absolute Return and Wealth Strategy (as defined below) in respect of the Cornerstone Placing.

The following table sets forth certain details of the Cornerstone Placing:

	Total Investment amount	Indicative Offer Price[3]	Number of Offer Shares to be subscribed for[4]	Percentage of the total Shares in issue immediately upon completion of the Global Offering	Percentage of the total number of Offer Shares
Novotech SG	US$3,000,000[1]	Low-end: HK$16.0	1,442,600	0.40%	9.89%
	(HK$23,317,200)	Mid-point: HK$19.0	1,214,800	0.33%	8.33%
		High-end: HK$22.0	1,049,200	0.29%	7.19%
Baheal Wellness	US$2,000,000[1]	Low-end: HK$16.0	961,800	0.26%	6.59%
	(HK$15,544,800)	Mid-point: HK$19.0	809,800	0.22%	5.55%
		High-end: HK$22.0	699,400	0.19%	4.79%
SilkyWater Absolute Return	US$8,000,000[1]	Low-end: HK$16.0	3,847,200	1.06%	26.37%
	(HK$62,179,200)	Mid-point: HK$19.0	3,239,800	0.89%	22.21%
		High-end: HK$22.0	2,798,000	0.77%	19.18%
Wealth Strategy	US$10,000,000[2]	Low-end: HK$16.0	4,857,600	1.33%	33.30%
	(HK$77,724,000)	Mid-point: HK$19.0	4,090,600	1.12%	28.04%
		High-end: HK$22.0	3,532,800	0.97%	24.22%
Total	US$23,000,000	Low-end: HK$16.0	11,109,200	3.05%	76.15%
	(HK$178,765,200)	Mid-point: HK$19.0	9,355,000	2.57%	64.13%
		High-end: HK$22.0	8,079,400	2.22%	55.38%

Notes:

(1) The investment amount is inclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee, and the AFRC transaction levy.

(2) The investment amount is exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee, and the AFRC transaction levy.

(3) Being the low-end, mid-point and high-end of the indicative Offer Price range set out in this prospectus, respectively.

(4) Subject to rounding down to the nearest whole board lot of 200 Offer Shares.

The information about our Cornerstone Investors set forth below has been provided by the respective Cornerstone Investors in connection with the Cornerstone Placing.

Novotech SG

Novotech SG Holdings Pte. Ltd. ("**Novotech SG**") is a private company limited by shares established in Singapore on August 22, 2017, and is mainly engaged in equity investment. As of the Latest Practicable Date, Novotech SG is wholly owned by Novotech Health Holdings Pte. Ltd., and both Novotech SG and Novotech Health Holdings Pte. Ltd. are majority owned by TPG Asia Vl SF Pte Ltd, which is ultimately controlled by TPG Inc., a company listed on the NASDAQ (stock code: TPG) which mainly manages investment funds in growth capital, venture capital, public equity and debt investments. As of September 25, 2024, there are no ultimate beneficial owner who directly or indirectly owns or controls or is entitled to exercise or control the exercise of more than 25% voting rights or issued share capital of Novotech SG or Novotech Health Holdings Pte. Ltd. As confirmed by Novotech SG, the subscription or purchase of the Offer Shares pursuant to the relevant Cornerstone Investment Agreement does not require any approval from the shareholders of TPG Inc. or the NASDAQ.

Our Company became acquainted with Novotech SG through our business network and introduction by our business partners.

Baheal Wellness

Baheal Wellness Industry International Trading Limited (百洋健康產業國際商貿有限公司) ("**Baheal Wellness**") is a limited company established in Hong Kong on June 2, 2015, which is mainly engaged in equity investment and medical equipment trading. As of the Latest Practicable Date, Baheal Wellness is ultimately wholly owned by Qingdao Baheal Medical INC. (青島百洋醫藥股份有限公司), a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 301015). Qingdao Baheal Medical INC. is a pharmaceutical industrialization platform supporting source innovation and focuses its core business on product development, manufacturing and commercialization operations of medical innovations, effectively optimizing medical scenarios with technological innovation. As confirmed by Baheal Wellness, the subscription or purchase of the Offer Shares pursuant to the relevant Cornerstone Investment Agreement does not require any approval from the shareholders of Qingdao Baheal Medical INC. or the Shenzhen Stock Exchange.

Our Company became acquainted with Baheal Wellness through our business network and introduction by our business partners.

SilkyWater Absolute Return

SilkyWater Absolute Return LPF ("**SilkyWater Absolute Return**") a limited partnership fund established in Hong Kong on May 19, 2023, focuses its operation on investment consultancy and customized asset allocation. The sole investment manager and general partner of SilkyWater Absolute Return is SilkyWater Asset Management Limited (潤淼資產管理有限公司) ("**SilkyWater Asset Management**"), a limited company incorporated in Hong Kong in 2019 and licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong. SilkyWater Asset Management is a wholly-owned subsidiary of Water Wealth Holdings Limited ("**Water Wealth**"), which is in turn held by Tan Kok Hui, an Independent Third Party, as to 52.5% and other three Independent Third Parties

together as to 47.5%, respectively. None of the other three Independent Third Parties' equity interest in Water Wealth exceeds 30%. All limited partners of SilkyWater Absolute Return are Independent Third Parties and none of them holds more than 30% partnership interests in SilkyWater Absolute Return.

Our Company became acquainted with SilkyWater Absolute Return through the introduction by the Underwriters.

Wealth Strategy

Wealth Strategy Holding Limited ("**Wealth Strategy**") is a limited company incorporated in Hong Kong on October 15, 2014, and is an investment holding company with over US$100 million assets under its management. As of the Latest Practicable Date, Wealth Strategy is wholly owned by Wealth Strategy Group Limited, which is wholly owned by Mr. Kung Hung Ka ("**Mr. Kung**"), an Independent Third Party.

Mr. Kung is a highly reputable angel investor and entrepreneur with remarkable contributions and substantial experience in the areas of life sciences, healthcare and grand health as well as telecommunication industries in the PRC, including his investment in C-MER Medical Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3309), in December 2022. He and his family ranked 24th in Forbes' China's 100 Richest 2023. He is currently the chairman of the board of Vcanbio Cell & Gene Engineering Corp., Ltd., a company principally engaged in the preparation, detection and storage of stem cells, with its shares listed on Shanghai Stock Exchange (stock code: 600645).

Our Company became acquainted with Wealth Strategy through our business network and introduction by our business partners.

CONDITIONS PRECEDENT

The obligation of each of the Cornerstone Investors to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following conditions precedent:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied or waived by agreement of the parties thereto) by no later than the time and date as specified in those Underwriting Agreements and the Underwriting Agreements not having been terminated;

(b) the Offer Price having been agreed between the Company and the Joint Global Coordinators or Overall Coordinators (on behalf of themselves and the other underwriters of the Global Offering);

(c) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Offer Shares under the Cornerstone Placing), as well as any other applicable waivers, permissions or approvals, and that such waiver, permission or approval not having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;

(d) all relevant governmental authorizations, including the Filing Notice from the CSRC, have been obtained in connection with the Global Offering;

(e) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the Global Offering or the transactions contemplated in the Cornerstone Investment Agreements and there shall be no effective orders nor injunctions from any governmental authority (including a court of competent jurisdiction) in effect precluding or prohibiting consummation of such transactions; and

(f) the respective representations, warranties, undertakings, acknowledgements and confirmations given by the relevant Cornerstone Investors under the relevant Cornerstone Investment Agreements are true and accurate and not misleading in all respects and that there is no breach of the relevant Cornerstone Investment Agreements on the part of the relevant Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date, (i) dispose of, in any way, any of the H Shares subscribed for by it under the relevant Cornerstone Investment Agreement (the "**Relevant Shares**") or any interest in any company or entity holding any Relevant Shares; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; (iii) agree to or enter into a purchase or publicly announce any plans for the aforementioned transactions; or (iv) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant Cornerstone Investment Agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes to be bound by such Cornerstone Investor's obligations under the relevant Cornerstone Investment Agreement and be subject to the restrictions on disposal of the Relevant Shares imposed on such Cornerstone Investor.

You should read the following discussion and analysis in conjunction with our consolidated financial information, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis 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. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a synthetic biology-driven biopharmaceutical company committed to developing innovative drugs in oncology. We were founded in 2002 and as of the Latest Practicable Date, we had independently developed three core technology platforms. As of the Latest Practicable Date, we had one commercialized product and 19 other pipeline product candidates.

Utidelone Injection, our self-developed national new drug, is a microtubule inhibitor drug produced by the microbial fermentation process. Utidelone Injection was approved for marketing by the NMPA in March 2021 for its lead indication, the treatment of relapsed or metastatic breast cancer patients who have received at least one anthracycline- or taxane-containing chemotherapy regimen in combination with capecitabine. In January 2023, Utidelone Injection has officially entered the NRDL of 2022 and the negotiated price has been effective since March 1, 2023. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we recognized revenue of RMB32.8 million, RMB66.6 million and RMB28.6 million, respectively. Since March 1, 2023, the price of Utidelone Injection reduced by more than 60%, while our sales volume increased by 387.0% from 18,483 vials for the year ended December 31, 2022 to 90,021 vials for the year ended December 31, 2023. Our sales volume reached 38,577 vials for the five months ended May 31, 2024. During the Track Record Period, we had an operating loss. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we had loss for the year/period of RMB160.5 million, RMB189.6 million and RMB57.5 million, respectively, which primarily resulted from our selling and distribution expenses, R&D expenses and administrative expenses.

We expect our operating expenses to increase for the next several years as we further our preclinical research, continue clinical development of, seek regulatory approval for and manufacture our drug candidates, launch our pipeline products, and recruit personnel necessary for the operation and development of our business. Subsequent to the Listing, 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, timeline and terms of potential collaboration with our partners, regulatory approval timeline and commercialization of our drug candidates.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual 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 requirements of the Hong Kong Companies Ordinance. Further details of the material accounting policies adopted are set out in note 2 to the Accountants' Report set out in Appendix I to this prospectus.

The HKICPA has issued a number of new HKFRSs. For the purpose of preparing this historical financial information, we have adopted all applicable new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2024 are set out in Note 30 to the Accountants' Report set out in Appendix I to this prospectus.

Our historical financial information also complies with the applicable disclosure provisions of the Listing Rules.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Continuous Market Demand of Utidelone Injection for Advanced Breast Cancer

Our results of operations will depend on a significant extent on the sales of Utidelone Injection for breast cancer-approved products. Utidelone Injection has officially entered the NRDL of 2022 in January 2023, and the negotiated price has been effective since March 1, 2023. This approval was the first for independently developed Class 1 innovative anti-tumor chemotherapy drugs in China for approximately two decades. Our revenue was derived from sales of Utidelone Injection during the Track Record Period. According to the Frost & Sullivan Report, China's microtubule inhibitor market will gradually grow. It is expected to reach RMB18.1 billion by 2030, at a CAGR of 12.2% from 2023. According to the same source, China's breast cancer drug market is expected to reach RMB85.9 billion and RMB110.4 billion in 2027 and 2030 respectively, with a CAGR of 9.6% from 2023 to 2027 and 8.7% from 2027 to 2030.

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our pipeline of products consists of drug candidates in different phases of the development process. The success of our Company and the outcomes of our operations rely on our capacity to effectively progress our drug development initiatives, achieve satisfactory safety and efficacy outcomes in clinical trials, and secure necessary regulatory approvals. Additionally, it is vital for us to introduce our products into our intended markets according to our schedule. As of the Latest

Practicable Date, we had one commercialized product and 19 other pipeline product candidates. Please see the section headed "Business — Our Product and Pipeline" in this prospectus for more details.

Other than Utidelone Injection for advanced breast cancer, for which we received NDA approval and commenced commercial sales in March 2021, all our drug candidates are still under development, and we have not yet received regulatory approval to commercialize any of our drug candidates. We expect to receive NDA approvals for Utidelone Capsule for the treatment of advanced breast cancer in China in 2025 and Utidelone Injection for the treatment of advanced NSCLC and breast cancer neoadjuvant in 2026. After our drug candidates are commercialized, our business and results of operations will depend on the market acceptance and sales of our commercialized drugs. Please see the section headed "Risk Factors — Risks Relating to our Business — Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage product candidates, and we may be unable to successfully complete the clinical development, obtain relevant regulatory approvals or achieve their commercialization, or we may experience significant delays in doing so" in this prospectus.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which has historically consisted primarily of R&D expenses, selling and distribution expenses, administrative expenses and cost of sales, details of which are set out below.

Research and development expenses. Our R&D expenses primarily consist of staff costs, equity-settled share-based payment expenses, technical service expenses and clinical expenses. Our R&D expenses amounted to RMB82.7 million, RMB126.5 million, RMB58.2 million and RMB43.8 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. R&D expenses have been and are expected to remain a major component in our cost structure.

Selling and distribution expenses. Our selling and distribution expenses primarily consist of staff costs, equity-settled share-based payment expenses and marketing expenses. Our selling and distribution expenses amounted to RMB97.9 million, RMB95.4 million, RMB42.7 million and RMB29.3 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively.

Administrative expenses. Our administrative expenses primarily consist of staff costs, equity-settled share-based payment expense and professional fees. Our administrative expenses amounted to RMB51.5 million, RMB43.9 million, RMB16.1 million and RMB19.9 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively.

Cost of sales. Our cost of sales primarily consisted of material cost, staff cost and manufacturing overhead (including utility expenses and depreciation). Our cost of sales amounted to RMB8.9 million, RMB19.8 million, RMB8.7 million and RMB4.3 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively.

Government Healthcare Spending, Medical Reimbursement and Drug Pricing Policies

After our drug candidates are commercialized, the market acceptance and sales volume of our drug candidates will depend in part on the level of government spending on healthcare and the coverage of our drug candidates under government medical reimbursement schemes.

We expect the PRC to be a major market for our drugs. In line with the overall growth in healthcare service industry and increasing in the healthcare investment in China, the PRC government has enacted various policies and official plans in the last few years, aimed at encouraging healthcare infrastructure development and improving accessibility to healthcare services. In particular, growth in population coverage and funding for basic medical insurance programs have significantly improved patients' capacity to afford the medical treatments, resulting in considerable growth in both patient enrolment and average spending. According to the Frost & Sullivan Report, the revenue of basic medical insurance fund has increased from RMB2,138.4 billion in 2018 to RMB3,069.8 billion in 2022, with a CAGR of 9.5%, while the expenditure has increased from RMB1,782.2 billion in 2018 to RMB2,443.2 billion in 2022, representing a CAGR of 8.2% during the indicated period.

At the same time, PRC regulations and Basic Medical Insurance Program also exert significant influence over drug pricing, such as, by imposing reimbursement caps, which could affect patients' access to our drugs as well as our pricing. Our Utidelone Injection for breast cancer officially entered the NRDL of 2022 in January 2023, and the negotiated price was effective on March 1, 2023. In the future, our drug candidates may also be included in the NRDL, National Essential Drug List ("**NEDL**") and their provincial-level counterparts upon commercialization. The inclusion of our drug product and candidates in the NRDL, NEDL and their provincial-level counterparts may significantly increase the demand for such products. As more of our drug candidates are included in the NRDL and/or NEDL, drug candidates are expected to become more affordable, which will allow greater market access. We may have to follow the pricing set by such programs but there may be a positive impact on the availability and sales volume of our drug candidates.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing. With the marketing promotion of our existing product and the successful commercialization of our drug candidates, we expect to fund our operations primarily with revenue generated from the sale of commercial drug products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

Material Accounting Policies Information

The preparation of financial statements in conformity with HKFRSs requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, from which our actual results may differ.

Set out below are a summary of the material accounting policies, judgments and estimates that we believe are most important for understanding our results of operations and financial condition. See Notes 2 and 3 to the Accountants' Report set out in Appendix I to this prospectus for a detailed description of our material accounting policies, judgments, and estimates.

Revenue and Other Income

Income is classified by us as revenue when it arises from the sale of goods or the provision of services. Further details of our revenue and other income recognition policies are as follows:

Revenue from Contracts with Customers

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes.

Revenue from Sales of Goods

We recognize the revenue of the sales contract between our customer and us at a point in time when the customer obtains control of the relevant goods. We fulfil our performance obligations in accordance with the provisions of the contract. Generally, when the product is transported to the location designated by the sales customer and accepted by the customer, control of the product is deemed to have been transferred to the customer, and we recognize revenue accordingly.

Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. Unless special approval is granted, we generally provide credit terms to customers within 90 days upon customer acceptance.

We take advantage of the practical expedient in paragraph 63 of HKFRS 15 and do not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Interest Income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

Government Grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attached to them. Grants that compensate us for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss over the useful life of the assets.

Research and Development Expenses

R&D expenses comprise all costs that are directly attributable to R&D activities or that can be allocated on a reasonable basis to such activities. Because of the nature of our R&D activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognized as expenses in the period in which they are incurred.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first in first out cost formula and cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Low value consumables, packaging materials, and other turnover materials are amortised using the one-time amortisation method and included in the cost of relevant assets or current profit and loss. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Provisions and Contingent Liabilities

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses, see Note 2(h)(ii) to the Accountants' Report in Appendix I to this prospectus for further details.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on the disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives and residual value rates for the reporting periods are as follows:

	estimated useful lives	residual value rate
— Buildings	20 years	5%
— Machinery and equipment	5–10 years	5–10%
— Vehicles	4–5 years	5–10%
— Furniture, fixtures and others	3–5 years	5–10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Construction in progress represents plant and buildings under construction and equipment pending installation and is stated at cost less impairment losses (see Notes 2(h)(ii) to the Accountants' Report in Appendix I to this prospectus for further details). Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Employee Benefits

Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if we have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

Share-based Payments

The grant-date fair value of equity-settled share-based payment arrangements (i.e. restricted shares) granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Trade and Other Receivables

A receivable is recognised when we have an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, see Note 2(h) to the Accountants' Report in Appendix I to this prospectus.

Critical Judgments and Estimates

Research and Development Expenses

Development expenses incurred on our pipeline are capitalized only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure the reliably of the expenditure during the development.

Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the R&D projects and determine the criteria met for capitalization. During the reporting periods, our development expenditures incurred did not meet these capitalization principles for any products and were expensed as incurred.

Recognition of Deferred Tax Assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to our operating environment and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded during the reporting periods. The useful lives are based on our historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	32,820	66,635	27,047	28,564
Cost of sales	(8,940)	(19,810)	(8,712)	(4,269)
Gross profit	23,880	46,825	18,335	24,295
Other net income	51,376	31,694	14,758	11,436
Selling and distribution expenses	(97,910)	(95,397)	(42,672)	(29,278)
Administrative expenses	(51,501)	(43,900)	(16,078)	(19,941)
Research and development expenses	(82,739)	(126,537)	(58,180)	(43,825)
(Impairment loss)/reversal of impairment loss on trade and other receivables	(1,211)	1,284	711	(22)
Other operating expenses	(2,335)	(3,556)	(274)	(93)
Loss from operations	(160,440)	(189,587)	(83,400)	(57,428)
Finance costs	(71)	(57)	(29)	(25)
Loss before taxation	(160,511)	(189,644)	(83,429)	(57,453)
Income tax	—	—	—	—
Loss for the year/period attributable to equity shareholders of the Company	(160,511)	(189,644)	(83,429)	(57,453)

Revenue

During the Track Record Period, our revenue was generated from the sale of Utidelone Injection. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our revenue amounted to RMB32.8 million, RMB66.6 million, RMB27.0 million and RMB28.6 million, respectively.

Cost of Sales

During the Track Record Period, our cost of sales consisted of (i) staff costs for our production staff; (ii) manufacturing overhead which includes utility expenses and depreciation expense; (iii) material costs, which refer to the cost of materials used for our production; (iv) taxes and surcharges; and (v) others, mainly including the transportation service fee. For the years ended

December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded cost of sales of RMB8.9 million, RMB19.8 million, RMB8.7 million and RMB4.3 million, respectively. The following table sets forth a breakdown of our cost of sales for the periods indicated.

	For the year ended December 31,				For the five months ended May 31,			
	2022		2023		2023		2024	
	(RMB'000, except for percentages of total)				*(unaudited)*			
Staff costs	3,720	41.6%	9,250	46.7%	4,700	53.9%	1,341	31.4%
Manufacturing overhead	3,984	44.6%	8,288	41.8%	3,139	36.0%	2,067	48.4%
Material costs	111	1.2%	922	4.7%	319	3.7%	301	7.1%
Taxes and surcharges	1,035	11.6%	1,043	5.3%	467	5.4%	435	10.2%
Others	90	1.0%	307	1.5%	87	1.0%	125	2.9%
Total	**8,940**	**100.0%**	**19,810**	**100.0%**	**8,712**	**100.0%**	**4,269**	**100.0%**

Gross Profit and Gross Profit Margin

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our gross profit was RMB23.9 million, RMB46.8 million, RMB18.3 million and RMB24.3 million, respectively. For the same periods, our gross profit margin was 72.8%, 70.3%, 67.8% and 85.1%, respectively.

Other Net Income

During the Track Record Period, our other net income primarily consisted of (i) interest income from bank deposits; (ii) net foreign exchange gains; (iii) government grants, mainly include rewards received from local governments for our application for the initial public offering and grants received to encourage us for talent introduction and innovation; and (iv) net realised and unrealised gains on investments in financial assets measured at fair value through profit or loss ("**FVPL**").

The following table sets out a breakdown of our other net income for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income from bank deposits	3,341	13,138	5,120	6,653
Net foreign exchange gains	19,602	4,652	1,605	1,074
Government grants	10,467	4,586	511	1,531
Net realised and unrealised gains on investments in financial assets measured at FVPL	10,848	9,097	7,521	2,088
Compensation from suppliers	7,010	220	—	90
Others	108	1	1	—
	51,376	31,694	14,758	11,436

We recorded compensation from suppliers of RMB7.0 million for the year ended December 31, 2022, which mainly comprised (i) the damage of RMB3.0 million paid by a CRO for its breach of contract for the year ended December 31, 2022, and (ii) the forfeited amount of RMB4.0 million of the deposit paid by CSO A for the year ended December 31, 2022. Please refer to the section headed "Business — Commercialization, Sales and Marketing — Overlapping of Distributors and CSOs" in this prospectus. We recorded compensation from suppliers of RMB0.2 million and RMB0.1 million for the year ended December 31, 2023 and the five months ended May 31, 2024, respectively, which represented the forfeited amount of the deposit paid by CSOs resulting from the failure of them to achieve the agreed sales targets for the corresponding periods.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses consisted of (i) marketing expenses, including expenses incurred associated with holding academic conferences and lectures and promotion expenses paid to promotion services provider; (ii) staff costs, including salaries, bonuses and benefits for our internal sales and marketing teams; (iii) equity-settled share-based payment expenses, relating to the grant of shares to eligible persons under the share incentive scheme; and (iv) others, mainly including traveling expenses and business entertainment expenses. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our selling and distribution expenses amounted to RMB97.9 million, RMB95.4 million, RMB42.7 million and RMB29.3 million, respectively. The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	For the year ended December 31,				For the five months ended May 31,			
	2022		2023		2023		2024	
	(RMB'000, except for percentages of total)				*(unaudited)*			
Marketing expenses	28,184	28.8%	37,740	39.6%	16,961	39.7%	13,054	44.6%
— Conference and lecture fees	25,010	25.5%	25,077	26.3%	12,988	30.4%	5,688	19.4%
— Promotion fees paid to CSOs	2,255	2.4%	12,477	13.1%	3,892	9.1%	6,351	21.7%
— Business development fees and others	919	0.9%	186	0.2%	81	0.2%	1,015	3.5%
Staff costs	27,912	28.5%	34,386	36.0%	11,769	27.6%	12,314	42.1%
Equity-settled share-based payment expenses	35,546	36.3%	15,773	16.5%	10,928	25.6%	1,054	3.6%
Others	6,268	6.4%	7,498	7.9%	3,014	7.1%	2,856	9.8%
Total	**97,910**	**100.0%**	**95,397**	**100.0%**	**42,672**	**100.0%**	**29,278**	**100.0%**

Our marketing expenses mainly included conference and lecture fees, which accounted for 25.4%, 26.3%, 30.4% and 19.4% of our total selling and distribution expenses for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. We organized or attended more than one thousand sessions of conferences and lectures in each of the years ended December 31, 2022 and 2023, respectively. For the details of the conferences and lectures, see "Business — Commercialization, Sales and Marketing."

As a drug newly approved for marketing and included in the NRDL, Utidelone Injection requires investments in the marketing and promotion activities to establish and enhance brand awareness and market recognition. Through organizing and attending the conferences and lectures, we were able to (i) increase the exposure of Utidelone Injection with the increasing number of physicians and hospitals covered; (ii) introduce the applicable indications and treatment strategies of Utidelone Injection to physicians, which cover various genotypes of advanced breast cancer other than triple negative and all treatment lines, thereby expanding patient base in clinical practice; and

(iii) inform the physicians of the inclusion of Utidelone Injection in NRDL. Our Directors are of the view that organizing and attending the conferences and lectures have contributed to the increase in the sales of Utidelone Injection, and there were approximately 509 hospitals that included Utidelone Injection for sales as of May 31, 2024, covering 31 provinces, autonomous regions and municipalities in China.

We experienced a slowdown in the sales of Utidelone Injection in the fourth quarter of 2023, primarily due to a decrease in the number of conferences and lectures conducted in the third quarter of 2023 resulting from the enhanced anti-corruption measures adopted by the government. We and physicians were more vigilant in organizing and attending the conferences and lectures, thus affecting the implementation of our promotion schedule as planned. However, benefiting from our enhanced efforts in promotion activities with our total number of conferences and lectures increasing throughout the Track Record Period, we have been gradually enhancing the market awareness and increasing market exposure of Utidelone Injection. Therefore, our Directors believe that the anti-corruption measures are unlikely to have any material adverse impact on our business eventually. However, should the enhanced anti-corruption measures be further sustained, there may be adverse impacts on the implementation of our promotion schedule as planned, ultimately slowing down our revenue growth in future. See "Risk Factors — Risks Relating to Our Business — Uncertainties in our commercial promotion and indication expansion may impact our sales volume, resulting in increased production capacity not being digested in time, which could adversely affect our business."

According to Frost & Sullivan, the level of selling and distribution expenses of Utidelone Injection is within industry norm, based on publicly disclosed information of biopharmaceutics companies with regard to the selling and distribution expenses in the early stages of product launch.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) equity-settled share-based payment expenses, relating to the grant of shares to eligible persons under the share incentive scheme; (ii) staff costs, including salaries, bonuses and benefits of our administrative and other personnel; (iii) professional fees, including fees paid to professional parties in relation to our previous A share listing attempt and other audit and legal consulting; (iv) depreciation and amortisation, related to property, plant and equipment and right-of-use assets; (v) office expenses; (vi) listing expenses; and (vii) others, mainly include travelling expenses. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded administrative expenses of RMB51.5 million, RMB43.9 million, RMB16.1 million and RMB19.9 million, respectively. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended December 31,				For the five months ended May 31,			
	2022		2023		2023		2024	
	(RMB'000, except for percentages of total)				*(unaudited)*			
Equity-settled share-based payment expenses	20,094	39.0%	13,678	31.2%	6,709	41.7%	1,814	9.1%
Staff costs	16,342	31.7%	14,243	32.4%	4,587	28.5%	5,117	25.7%
Professional fees	9,087	17.6%	4,209	9.6%	2,517	15.7%	1,671	8.4%
Depreciation and amortisation	2,980	5.8%	1,806	4.1%	751	4.7%	762	3.8%
Office expenses	1,225	2.4%	1,458	3.3%	702	4.4%	948	4.8%
Listing expenses	—	—	5,409	12.3%	—	—	9,062	45.4%
Others	1,773	3.5%	3,097	7.1%	812	5.0%	567	2.8%
Total	**51,501**	**100.0%**	**43,900**	**100.0%**	**16,078**	**100.0%**	**19,941**	**100.0%**

Research and Development Expenses

During the Track Record Period, our R&D expenses consisted of (i) technical service expenses referring to fees paid to CROs, SMOs and other suppliers (excluding hospital) for pre-clinical and clinical services; (ii) clinical expenses relating to our fee paid to hospitals for clinical trials; (iii) staff costs, including salaries, bonuses and benefits for our in-house R&D personnel; (iv) equity-settled share-based payment expenses, relating to the grant of shares to eligible persons under the share incentive scheme; (v) material and utility expenses; (vi) depreciation and amortisation; and (vii) others, mainly include testing fees and travelling expenses. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded R&D expenses of RMB82.7 million, RMB126.5 million, RMB58.2 million and RMB43.8 million, respectively. The following table below sets forth a breakdown of our R&D expenses for the periods indicated:

	For the year ended December 31,				For the five months ended May 31,			
	2022		2023		2023		2024	
	(RMB'000, except for percentages of total)				*(unaudited)*			
Technical service expenses	32,629	39.4%	64,854	51.3%	30,791	52.9%	15,920	36.3%
Clinical expenses	4,017	4.9%	18,737	14.8%	8,831	15.2%	14,277	32.6%
Staff costs	18,548	22.4%	21,321	16.8%	8,843	15.2%	8,860	20.2%
Equity-settled share-based payment expenses	21,430	25.9%	11,848	9.4%	5,444	9.3%	1,569	3.6%
Material and utility expenses	1,697	2.0%	2,997	2.4%	2,065	3.5%	447	1.0%
Depreciation and amortisation	2,623	3.2%	3,282	2.6%	1,104	1.9%	1,271	2.8%
Others	1,795	2.2%	3,498	2.7%	1,102	2.0%	1,481	3.5%
Total	**82,739**	**100.0%**	**126,537**	**100.0%**	**58,180**	**100.0%**	**43,825**	**100.0%**

The table below sets forth a breakdown of R&D expenses for Core Product by indications and development stages for the periods indicated:

	Development Stage	For the year ended December 31,				For the five months ended May 31,			
		2022		2023		2023		2024	
		(RMB'000, except for percentages of total R&D expenses)				*(unaudited)*			
Our Core Product									
Utidelone Injection for advanced breast cancer (China)	Post-marketing	17,272	20.9%	5,902	4.7%	2,519	4.3%	469	1.1%
Utidelone Injection for advanced breast cancer (Global)	Phase III	2,545	3.1%	1,990	1.6%	916	1.6%	862	2.0%
Utidelone Injection for advanced NSCLC (China)	Phase III	9,273	11.2%	19,019	15.0%	11,145	19.2%	8,707	19.9%
Utidelone Injection for advanced NSCLC (Global)	Phase II-III	1,828	2.2%	592	0.5%	604	1.0%	683	1.6%
Utidelone Injection for breast cancer neoadjuvant (China)	Phase III	2,072	2.5%	15,948	12.6%	7,030	12.1%	11,895	27.1%
Utidelone Injection for solid tumors (China)	Phase II	10,578	12.8%	6,590	5.2%	4,073	7.0%	2,976	6.8%
Utidelone Injection for lung cancer brain metastases	IND application	—	—	—	—	—	—	48	0.1%
Utidelone Injection for breast cancer brain metastases	Phase II (pivotal)	—	—	—	—	—	—	32	0.1%
Total		**43,568**	**52.7%**	**50,041**	**39.5%**	**26,287**	**45.2%**	**25,672**	**58.6%**

During the Track Record Period, Utidelone Injection for glioblastoma had not yet incurred R&D expenses. Our R&D expenses of our Core Product in pipeline increased by 14.9% from RMB43.6 million for the year ended December 31, 2022 to RMB50.0 million for the year ended December 31, 2023. Such increase was largely due to the commencement of phase III clinical trials of Utidelone Injection for NSCLC and neoadjuvant treatment of breast cancer. Our R&D expenses of the Core Product in pipeline remained relatively stable at RMB26.3 million and RMB25.7 million for the five months ended May 31, 2023 and 2024, respectively.

We also partially funded more than 40 investigator-initiated trials (the "**IITs**") related to the Core Product, which are in the Phase II or Phase III stages, to expand new indications and combination regimens with other drugs. For the years ended December 31, 2022 and 2023, our R&D expenses of the IITs for the Core Product amounted to RMB7.2 million and RMB48.6 million, representing 8.7% and 38.4% of the total R&D expenses for the corresponding years,

respectively. Such increase was mainly attributable to an increase in the number of IITs. Given that the majority of IITs partially funded by us were officially launched in 2023, and that the R&D expenses for IITs were recognized with reference to the status of different stages of the trials, more R&D expenses of IITs were recognized during 2023 than 2022 as demonstrated in the increase in the R&D expenses for IITs for the Core Product from RMB7.2 million for the year ended December 31, 2022 to RMB48.6 million for the year ended December 31, 2023. As such, our R&D expenses incurred for our Core Product in pipeline decreased as a percentage of our total R&D expenses from 52.7% for the year ended December 31, 2022 to 39.5% for the year ended December 31, 2023 and the percentage of the R&D expenses incurred for IITs for our Core Product increased from 8.7% for the year ended December 31, 2022 to 38.4% for the year ended December 31, 2023. Our R&D expenses of the IITs for the Core Product decreased from RMB13.7 million for the five months ended May 31, 2023 to RMB5.1 million for the corresponding period in 2024, primarily due to the completion of some of the IITs in 2023.

Other Operating Expenses

Our other operating expenses primarily comprise donations, including charity fund and our product, made to the social welfare organization. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our other operating expenses amounted to RMB2.3 million, RMB3.6 million, RMB0.3 million and RMB0.1 million, respectively.

Finance Costs

During the Track Record Period, our finance costs were interest expenses on lease liabilities. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our finance costs amounted to RMB71,000, RMB57,000, RMB29,000 and RMB25,000, respectively.

Income Tax

During the Track Record Period, our income tax consisted of current tax and deferred tax. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we did not record income tax. Our Directors confirm that during the Track Record Period, we had made all the required tax filings with the relevant tax authorities in the PRC for the years ended December 31, 2022 and 2023. We are not aware of any outstanding or potential disputes with such tax authorities.

Effective from January 1, 2008, the PRC statutory income tax rate is 25% under the Enterprise Income Tax Law of the PRC (the "**EIT Law**"). Our subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified. According to the EIT Law and its relevant regulations, entities that qualify as High and New Technology Enterprise are entitled to a preferential income tax rate of 15%. We obtained our certificate of High and New Technology Enterprise on October 31, 2018 and renewed the certificate in December 2021, which is entitled to preferential income tax of 15% from 2018 to 2023. We plan to apply for renewal of the Certificate of High Technology Enterprise (高新技術企業證書) in the third quarter of 2024. Pursuant to the Announcement of the State Administration of Taxation on Issues concerning the Implementation of the Preferential Income Tax Policies regarding High-Tech Enterprises (《國家税務總局關於實施高

新技術企業所得税優惠政策有關問題的公告》), the enterprise is entitled to continue a preferential income tax rate of 15% on their taxable income during the year when their certificate of High Technology Enterprises expires until it is re-certified. If the enterprise has not obtained the certificate of High Technology Enterprises before the end of the year, it shall pay back taxes for the corresponding period in accordance with regulations. Our Directors do not expect any legal impediment to renew this certificate.

According to Announcement No. 23 of the Ministry of Finance in 2020, from January 1, 2021 to December 31, 2030, enterprise income tax will be levied at a reduced rate of 15% on encouraged industrial enterprises located in the western region ("**Western Development**"). Encouraged industrial enterprises refer to those listed in the Catalogue of Encouraged Industries in the Western Region. The industrial projects specified in the regulations are mainly engaged in business, and their main business income accounts for more than 70% of the total revenue of the enterprise. Our subsidiary in the PRC applied a preferential income tax rate of 15% for the Western Development during the Track Record Period.

Loss for the Year/Period

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we had loss for the year/period of RMB160.5 million, RMB189.6 million, RMB83.4 million and RMB57.5 million, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2024 Compared to Five Months Ended May 31, 2023

Revenue

Our revenue increased by 5.9% from RMB27.0 million for the five months ended May 31, 2023 to RMB28.6 million for the same period in 2024. This growth was mainly attributable to the increase in sales volume of Utidelone Injection after its negotiated price was effective on March 1, 2023 following its inclusion in the NRDL, which resulted in the increase in sales volume by 4.6% from 36,883 vials for the five months ended May 31, 2023 to 38,577 vials for the same period in 2024.

Cost of Sales

Our cost of sales decreased from RMB8.7 million for the five months ended May 31, 2023 to RMB4.3 million for the same period in 2024, mainly attributable to the decrease in the cost of sales per vial of the Utidelone Injection sold in the five months ended May 31, 2024. The Utidelone Injection sold in the five months ended May 31, 2023 were mainly produced in 2022, whilst the Utidelone Injection sold in the five months ended May 31, 2024 were mainly produced in 2023. Compared with the year ended December 31, 2022, the fixed costs (such as staff costs and depreciation and amortization) per vial of the Utidelone Injection produced in 2023 decreased with the increase in the production volume since February 2023.

Gross Profit and Gross Profit Margin

Our gross profit increased by 32.5% from RMB18.3 million for the five months ended May 31, 2023 to RMB24.3 million for the same period in 2024. Our gross profit margin increased from 67.8% for the five months ended May 31, 2023 to 85.1% for the same period in 2024, primarily due to the decreased cost of sales per vial of the Utidelone Injection sold in the five months ended May 31, 2024.

Other Net Income

Other net income decreased by 22.5% from RMB14.8 million for the five months ended May 31, 2023 to RMB11.4 million for the same period in 2024, primarily due to a decrease in net realized and unrealized gains on investments in financial assets measured at FVPL, mainly resulting from the redemption of wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 31.4% from RMB42.7 million for the five months ended May 31, 2023 to RMB29.3 million for the same period in 2024, primarily due to (i) a decrease in equity-settled share-based payment expenses, as the majority of the equity-settled share-based payment expenses had been amortized for the years ended December 31, 2022 and 2023, and (ii) a decrease in conference and lecture fees, resulting from the decreased number of sessions we held or attended following our efforts to manage expenses and improve the efficacy and cost-efficiency of our promoting activities.

Administrative Expenses

Our administrative expenses increased by 24.0% from RMB16.1 million for the five months ended May 31, 2023 to RMB19.9 million for the same period in 2024, primarily due to an increase in the listing expenses, partially offset by a decrease in equity-settled share-based payment expenses.

Research and Development Expenses

Our R&D expenses decreased by 24.7% from RMB58.2 million for the five months ended May 31, 2023 to RMB43.8 million for the same period in 2024, primarily due to a decrease in technical service expenses following the completion of some of the IITs in 2023.

Finance Costs

Our finance costs remained relatively stable at RMB29,000 and RMB25,000 for the five months ended May 31, 2023 and 2024, respectively.

Loss for the Period

As a result of the foregoing, our loss for the period narrowed from RMB83.4 million for the five months ended May 31, 2023 to RMB57.5 million for the corresponding period in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 103.0% from RMB32.8 million for the year ended December 31, 2022 to RMB66.6 million for the corresponding period in 2023. This growth was mainly attributed to the increase in sales volume following Utidelone Injection's official inclusion in the NRDL in January 2023, which made it accessible to a broader patient base. After its inclusion in NRDL, the negotiated price of Utidelone Injection was effective on March 1, 2023, and the price of Utidelone Injection reduced by more than 60%, while our sales volume increased by 387.0% from 18,483 vials for the year ended December 31, 2022 to 90,021 vials for the year ended December 31, 2023.

Cost of Sales

Our cost of sales increased from RMB8.9 million for the year ended December 31, 2022 to RMB19.8 million for the year ended December 31, 2023, mainly attributable to the increase of our sales volume as mentioned above.

Gross Profit and Gross Profit Margin

Our gross profit experienced an increase, rising from RMB23.9 million for the year ended December 31, 2022 to RMB46.8 million for the year ended December 31, 2023, which was primarily due to an increase in our revenue. Our gross profit margin decreased from 72.8% for the year ended December 31, 2022 to 70.3% for the year ended December 31, 2023. This decrease in our gross profit margin was mainly attributable to a decrease in the price of Utidelone Injection since the negotiated price was effective on March 1, 2023 after inclusion in NRDL. Such decrease was partially offset by a decrease in the cost of sales per vial of Utidelone Injection by 54.5% from RMB483.7 for the year ended December 31, 2022 to RMB220.1 for the year ended December 31, 2023. The decrease in the cost of sales per vial of Utidelone Injection was mainly driven by economies of scale as a result of an increase in production volume for the year ended December 31, 2023. With the increase in the production volume which was in line with the increased sales volume, the fixed costs (such as staff costs and depreciation and amortization) per vial decreased, and in turn the cost of sales per vial of Utidelone Injection decreased for the year ended December 31, 2023.

Other Net Income

Other net income decreased from RMB51.4 million for the year ended December 31, 2022 to RMB31.7 million for the year ended December 31, 2023, which was primarily because we recorded net foreign exchange gains of RMB19.6 million for the year ended December 31, 2022, as compared to net foreign exchange gains of RMB4.7 million for the year ended December 31, 2023, as a result of the fluctuation in exchange rate of Renminbi against U.S. dollars. Such decrease was partially offset by an increase in interest income from bank deposits from RMB3.3 million for the year ended December 31, 2022 to RMB13.1 million for the year ended December 31, 2023, as we increased our US$ denominated term deposits with relatively high interest rate.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 2.6% from RMB97.9 million for the year ended December 31, 2022 to RMB95.4 million for the year ended December 31, 2023. Such decrease was mainly attributable to the decrease of our equity-settled share-based payment expenses, partially offset by an increase in marketing expenses and staff costs resulting from (i) more offline marketing activities such as academic conferences were held for the year ended December 31, 2023; (ii) an increase in the number of CSOs; and (iii) an increase in sales incentives paid to our marketing staff as a result of increase in revenue.

Administrative Expenses

Our administrative expenses decreased by 14.8% from RMB51.5 million for the year ended December 31, 2022 to RMB43.9 million for the year ended December 31, 2023. Such decrease was mainly attributable to a decrease in staff costs and equity-settled share-based payment expenses, partially offset by the listing expenses we recorded for the year ended December 31, 2023.

Research and Development Expenses

Our R&D expenses increased by 52.9% from RMB82.7 million for the year ended December 31, 2022 to RMB126.5 million for the year ended December 31, 2023. Such increase was largely due to the commencement of phase III clinical trials of Utidelone Injection for NSCLC and neoadjuvant treatment of breast cancer and rise in the number of the IITs for Core Product.

Finance Costs

Our finance costs remained stable relatively at RMB71,000 and RMB57,000 for the years ended December 31, 2022 and 2023, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 18.2% from RMB160.5 million for the year ended December 31, 2022 to RMB189.6 million for the year ended December 31, 2023.

DESCRIPTION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	102,902	122,710	148,254
Right-of-use assets	14,862	13,477	14,391
Intangible assets	2,832	1,627	1,125
Rental deposits	1,072	1,000	1,042
	121,668	**138,814**	**164,812**
Current assets			
Inventories	31,109	27,267	31,161
Trade and other receivables	38,950	15,947	17,727
Prepayments	5,348	14,300	13,557
Financial assets measured at fair value through profit or loss ("**FVPL**")	444,991	235,611	130,216
Fixed deposits with banks	224,166	302,318	338,958
Cash and cash equivalents	60,106	38,087	35,927
	804,670	**633,530**	**567,546**
Current liabilities			
Trade and other payables	39,608	42,987	54,346
Amounts due to related parties	188	24	9
Provision	10,838	—	—
Lease liabilities	1,091	732	1,445
	51,725	**43,743**	**55,800**
Net current assets	**752,945**	**589,787**	**511,746**
Total assets less current liabilities	**874,613**	**728,601**	**676,558**
Non-current liabilities			
Lease liabilities	813	167	763
Deferred income	1,525	820	589
Other payables	4,350	4,453	4,692
	6,688	**5,440**	**6,044**
NET ASSETS	**867,925**	**723,161**	**670,514**
CAPITAL AND RESERVES			
Share capital	350,000	350,000	350,000
Reserves	517,925	373,161	320,514
TOTAL EQUITY	**867,925**	**723,161**	**670,514**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment consisted of (i) buildings, (ii) machinery and equipment, (iii) furniture, fixtures, and others, (iv) vehicles; and (v) construction in progress. Our property, plant and equipment increased by 19.2% from RMB102.9 million as of December 31, 2022 to RMB122.7 million as of December 31, 2023 and further increased by 20.8% to RMB148.3 million as of May 31, 2024, primarily due to the increase of our construction in progress relating to development of phase II production facility.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were primarily related to the leases of land use rights and properties leased for own use in our operations. Our right-of-use assets decreased from RMB14.9 million as of December 31, 2022 to RMB13.5 million as of December 31, 2023, primarily due to normal depreciation. Our right-of-use assets increased from RMB13.5 million as of December 31, 2023 to RMB14.4 million as of May 31, 2024, primarily due to the extension of the lease for the office in Beijing.

Impairment Assessment for Non-current Non-financial Assets

We assess whether there is any indication that an asset may be impaired at the end of each reporting period. The loss throughout the Track Record Period was mainly due to the short period of commercialization of Utidelone Injection, given that it was only approved for marketing in 2021 and was included in the NRDL in 2023, and large amount of R&D expenses we incurred for the implementation of clinical plans, because our Group is still at the early stage of business development. For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we did not identify any external or internal impairment indications such as declined asset value, adverse market conditions, unfavorable discount rate movements, distressed asset status or worse economic performance than expected either.

Based on the valuation report of our Group's property interests (e.g., buildings, construction in progress and ownership interests in leasehold land) as of August 31, 2024 issued by an independent valuer, the market value of the property interests was higher than the carrying value.

Accordingly, our management concluded that there was no impairment indicator of non-current non-financial assets as of December 31, 2022 and 2023 and May 31, 2024.

Inventories

During the Track Record Period, our inventories consisted of (i) raw materials for products; (ii) goods in progress, which are intermediate products produced and to be utilized in the production of finished goods, including active pharmaceutical ingredients and unpackaged Utidelone Injection; (iii) finished products, which are completed items intended for sale; and (iv) goods in transit.

Our inventories decreased by 12.2% from RMB31.1 million as of December 31, 2022 to RMB27.3 million as of December 31, 2023, and subsequently increased by 14.3% from RMB27.3 million as of December 31, 2023 to RMB31.2 million as of May 31, 2024. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	4,755	5,252	5,600
Goods in progress	23,709	21,511	22,677
— Active pharmaceutical ingredients	19,793	14,680	21,045
— Unpackaged Utidelone Injection	3,916	6,831	1,632
Finished goods	2,370	504	2,884
Goods in transit	275	—	—
Total	**31,109**	**27,267**	**31,161**

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	21,252	14,477	18,683
1 to 2 years	9,682	8,924	1,654
Over 2 years	175	3,866	10,824
Total	**31,109**	**27,267**	**31,161**

Our inventories are measured at the lower of cost and net realizable value. Cost is calculated using the first in first out cost formula and cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. As of December 31, 2022 and 2023 and May 31, 2024, the net realizable value of our inventories was higher than the carrying amount.

We make our procurement plan based on the production plan and sales budget, especially for sufficient stock of certain overseas purchased raw materials which have a long shelf-life of five years. Our inventories with an age over two years as at December 31, 2023, which mainly comprised raw materials within shelf-life, increased by RMB3.7 million compared to December 31, 2022, primarily because sales of 2022 were below expectations due to the COVID-19 pandemic in 2022.

According to our inventory provision policy, we make provisions for write-down of inventories to net realizable value for obsolete inventories and inventories that expired or would expire in six months. We do not foresee any significant recoverability issue with our inventories, and do not believe further provision for impairment is necessary, considering that:

(i) our inventories are consisted exclusively of raw materials, active pharmaceutical ingredients (being our goods in process) with a shelf-life of five years, unpackaged and packaged Utidelone Injection (being our goods in progress and finished goods respectively) with a shelf-life of two years. 97.0% of inventories as at May 31, 2024 were within their shelf-life and full provisions amounting to RMB0.9 million were made against inventories that expired or would expire in six months;

(ii) we have taken stringent internal measures to enhance the inventory management. For example, we conduct regular physical inventory counts and closely monitor the condition and shelf-life of our inventories, and once any inventory becomes obsolete or expires, necessary provision will be provided; we estimate the net realizable value at the each reporting period end to identify write-down provisions, if any; we strictly monitor aging conditions and utilization of our inventories to identify slow-moving inventories, if any, so that we can promptly take appropriate measures and adjust our procurement plan accordingly; and

(iii) a higher utilization of inventories is foreseeable in light of the increase of sales, which is also demonstrated by the decreased inventory turnover days as below.

The following table sets forth our inventory turnover days for the periods indicated.

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
Inventory turnover days[(1)]	1,098	538	1,040

Note:

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories for the relevant year/period by cost of sales for the relevant year/period and multiplying by the number of days for the relevant year/period.

Our unpackaged and packaged Utidelone Injection (being our goods in progress and finished goods respectively) have a shelf-life of two years, and our active pharmaceutical ingredients have a shelf-life of five years. Our inventory turnover days were relatively high during the Track Record Period, primarily due to (i) the substantial amount of our active pharmaceutical ingredients which have a shelf-life of five years. We have strategically produced and stocked up sufficient amount of active pharmaceutical ingredients (being our goods in progress) to allow us to meet production and operation needs flexibly, leading to relatively large balance of inventory amount compared to our cost of sales during the Track Record Period; (ii) the disruptions to our sales of Utidelone Injection in 2022, as our sales and distribution activities decreased due to the COVID-19 pandemic; and (iii) relatively high amount of goods in progress other than the active pharmaceutical ingredient as of December 31, 2023, which mainly comprised (a) unpackaged Utidelone Injection produced for application to the NMPA for scaling-up production batch size, which was approved for marketing in November 2023; and (b) unpackaged new 3ml Utidelone Injection for clinical use as well as application to NMPA for the alteration of vial capacity. Our inventory turnover days decreased from 1,098 days for the year ended December 31, 2022 to 538 days for the year ended December 31, 2023, which was primarily due to an increase in consumption of inventories in accordance with increase in our revenue. Our inventory turnover days increased from 538 days for the year ended December 31, 2023 to 1,040 days for the five months ended May 31, 2024. Such increase was primarily due to that the increase in the sales volume of Utidelone Injection in the five months ended May 31, 2024 was not corresponding to the increase in the production volume in 2023 as a result of the enhanced anti-corruption measures adopted by the government.

As of August 31, 2024, RMB9.8 million, or 31.4%, of our inventories as of May 31, 2024 had been sold or dispensed in R&D activities.

Trade and Other Receivables

The following table sets forth the details of our trade and other receivables as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	34,620	11,159	12,946
Other receivables	450	496	415
Value Added Tax ("**VAT**") recoverable	3,880	4,292	4,366
	38,950	15,947	17,727

Our trade and other receivables increased by 11.2% from RMB15.9 million as of December 31, 2023 to RMB17.7 million as of May 31, 2024, primarily due to an increase in trade receivables in line with the growth in sales for the corresponding period.

Our trade and other receivables decreased by 59.2% from RMB39.0 million as of December 31, 2022 to RMB15.9 million as of December 31, 2023. Such decrease was mainly due to a decrease in trade receivables as we strengthened our efforts in collecting trade receivables.

Unless special approval granted, our trade receivables are generally due within 90 days from the date of billing. The following table sets forth an aging analysis of our trade receivables presented based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months (inclusive)	9,564	7,699	11,565
Over 3 months and less than one year	25,056	3,460	1,381
	34,620	11,159	12,946

The following table sets forth our trade receivables turnover days for the periods indicated.

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
Trade receivables turnover days[(1)(2)]	332	125	64

Notes:

(1) Our trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables in the relevant year/period by revenue for the relevant year/period and multiplying by the number of days for the relevant year/period.

(2) The above trade receivables did not reflect the price reduction due to inclusion in the NRDL. For details of the effect of price reduction, please refer to "Provisions" in this section.

We have relatively high trade receivables days for the year ended December 31, 2022. Affected by the pandemic, the 2022 NRDL was not officially effective until March 2023. In anticipation of the increasing sales volume upon the inclusion of Utidelone Injection in NRDL, our customers stocked up Utidelone Injection in the second half of 2022. However, due to the postponement of the effective date of the 2022 NRDL, the sales volume of Utidelone Injection in January and February of 2023 was lower than expected, leading to our customers' delay in payment to us. As of August 31, 2024, RMB36.2 million, or 100.0% of trade receivables (before allowance) as of December 31, 2022 had been settled.

We measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of

economic conditions over the expected lives of the receivables. We received NDA approval and commenced commercial sales of Utidelone Injection for advanced breast cancer in March 2021. Our customers were mainly domestic distributors with similar credit risk characteristics. We did not experience any credit loss in collecting trade receivables from our customers. Taking into account the relatively stable domestic economic conditions and operating environment, historical credit loss experience and forecast general economic conditions, we did not observe significant changes in customer credit risks during the Track Record Period. Therefore, we did not adjust expected loss rates during the Track Record Period.

We anticipate to enhance our trade receivables situation through the following measures: (i) conducting regular checks on repayment circumstances, interacting with customers who have outstanding receivables, investigating the reasons for delays, and urging for payments; (ii) compiling a monthly summary of repayments, contacting with customers who have outstanding payments for more than three months, and dispatching payment reminders; and (iii) for customers who have not settled payments within a specified duration, such as over 12 months, we plan to end our collaboration with them and potentially resort to legal actions, including filing lawsuits.

As of August 31, 2024, RMB13.0 million, or 97.7%, of our trade receivables (before allowance) as of May 31, 2024 had been settled.

Prepayments

The following table sets forth our prepayments as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for:			
— Research and development service	4,370	12,814	9,479
— Listing expense	—	849	1,504
— Others	978	637	2,574
	5,348	14,300	13,557

Our prepayments increased from RMB5.3 million as of December 31, 2022 to RMB14.3 million as of December 31, 2023, primarily due to advanced payment made for certain R&D projects in accordance with payment terms, such as the phase III clinical trials of Utidelone Injection for NSCLC and neoadjuvant treatment of breast cancer and the other IITs of Utidelone Injection. Our prepayments remained relatively stable at RMB14.3 million and RMB13.6 million as of December 31, 2023 and May 31, 2024, respectively.

Financial Assets Measured at FVPL

Our financial assets measured at FVPL decreased by 47.1% from RMB445.0 million as of December 31, 2022 to RMB235.6 million as of December 31, 2023, and further decreased by 44.7% to RMB130.2 million as of May 31, 2024, primarily due to the redemption of wealth management products and structured deposits issued by banks at maturity.

Our financial assets at FVPL as of the end of each year/period during the Track Record Period mainly represented wealth management products and structured deposits issued by various banks in the PRC with a floating return which would be paid together with the principal on the maturity date. The current financial product portfolio could be subject to the impact of macroeconomic environment conditions, and we monitor the portfolio mix closely. See "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We are exposed to changes in the fair value of financial assets measured at fair value through profit or loss ("**FVPL**") and valuation uncertainties."

We monitor and control the investment risks associated with our portfolio of financial products with a comprehensive set of internal policies and guidelines to manage our investments. Our management, including our finance department, has extensive experience in managing the financial aspects of enterprise's operations. Our finance department is responsible for proposing, analyzing and evaluating potential investment in the financial products. Our investment strategy related to such products focuses on minimizing the financial risks by reasonably matching the maturities of the portfolio to anticipated operating cash needs. To control our risk exposure, we make investment decisions related to financial products after thoroughly considering a number of factors, including but not limited to general market conditions, risk control and credit of issuing financial institutions, and the necessity and feasibility of the investment. Our Board determines our investment policies. Prior to making any material investments in financial products or modifying our existing investment portfolio, the proposal shall be reviewed and approved by our financial director and the office of the general manager.

Upon the Listing, we intend to continue our investments in financial products strictly in accordance with our internal policies, guidelines, and Articles of Association, and to the extent that an investment in financial products is a notifiable transaction under Chapter 14 of the Listing Rules, our Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, circular, reporting and/or shareholders' approval requirements (if applicable).

Cash at Bank

During the Track Record Period, our cash at bank comprise fixed deposits with banks and cash and cash equivalents. We had fixed deposits with banks of RMB224.2 million, RMB302.3 million and RMB339.0 million as of December 31, 2022 and 2023 and May 31, 2024, respectively. Please refer to Note 18(a) of the Accountants' Report included in Appendix I to this prospectus for details of fixed deposits with banks. We had cash and cash equivalents of RMB60.1 million, RMB38.1 million and RMB35.9 million as of December 31, 2022 and 2023 and May 31, 2024, respectively.

Trade and Other Payables

During the Track Record Period, our trade and other payables consisted of (i) trade payables mainly in connection with our R&D expenses and construction cost; (ii) other payables, mainly related to our daily sales and marketing service business deposits, employee reimbursement and government subsidies payable; and (iii) accrued payroll and staff benefits, mainly including salaries and other benefits payable to employees. The following table sets forth the details of our trade and other payables as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade payables	20,099	24,440	40,409
Other payables	7,615	7,802	6,147
Accrued payroll and staff benefits	11,894	10,745	7,790
	39,608	42,987	54,346
Non-current			
Deposits received	4,350	4,453	4,692
	43,958	47,440	59,038

Our trade and other payables increased by 7.7% from RMB44.0 million as of December 31, 2022 to RMB47.4 million as of December 31, 2023, primarily due to an increase in trade payables, mainly in relation to the R&D expenses payable to our suppliers. Our trade and other payables increased by 24.4% from RMB47.4 million as of December 31, 2023 to RMB59.0 million as of May 31, 2024, primarily due to an increase in trade payables mainly in relation to the construction of the phase II manufacturing facility and R&D expenses payable to our supplier.

The following table sets forth an aging analysis of our trade payables presented based on the invoice date as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	18,103	23,736	39,103
1 to 2 years	626	346	704
2 to 3 years	1,106	357	600
More than 3 years	264	1	2
Total	**20,099**	**24,440**	**40,409**

The following table sets forth our trade payables turnover days for the periods indicated.

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
Trade payables turnover days[(1)]	535	410	1,154

Note:

(1) Our trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in the relevant year/period by the cost of sales for the relevant year/period and multiplying by the number of days for the relevant year/period.

Our trade payables turnover days decreased from 535 days for the year ended December 31, 2022 to 410 days for the year ended December 31, 2023, primarily due to an increase in cost of sales for the year ended December 31, 2023. Our trade payables turnover days increased from 410 days for the year ended December 31, 2023 to 1,154 days for the five months ended May 31, 2024, primarily due to (i) an increase in trade payables mainly in relation to the construction of the phase II manufacturing facility and R&D expenses payable to our supplier, and (ii) a decrease in the cost of sales for the five months ended May 31, 2024. For more information, please see the section headed "Financial Information — Period to Period Comparison of Results of Operations" in this prospectus.

As of August 31, 2024, RMB17.5 million, or 43.3%, of our trade payables as of May 31, 2024 had been settled.

Restricted Share Unit Scheme (RSUs)

On October 30, 2020, an employee share incentive scheme was approved by the Board of Directors, according to which 28,285,670 shares of RSUs in sum would be granted by the Company to eligible our employees and Dr. Tang Li was authorised to implement the detailed share incentive scheme including but not limited to determine batches and vesting conditions, number of RSUs and prices granted to each employee, make adjustments to the share incentive scheme.

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, Dr. Tang Li or other designated employees repurchased 6,374,480 shares, 310,460 shares, 81,050 shares and 89,400 shares respectively of the above-mentioned RSUs granted by our Company from previous employees who resigned from us at the pre-determined price lower than fair value, which constituted new share-based payments.

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, Dr. Tang Li has also granted 3,688,300 shares, 383,530 shares and nil shares respectively of RSUs from her own shares to our eligible employees, including 100,000 shares, nil shares and nil shares of RSUs to an employee resigned from us shortly.

Provision

The following table sets forth the movements of our provisions for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At January 1	—	10,838	—
Additional provision made[(1)]	10,838	4,987	—
Provision utilised	—	(15,825)	—
At December 31/May 31	10,838	—	—

Note:

(1) Given that the negotiated price was effective on March 1, 2023, we made additional provision of RMB5.0 million for January and February in 2023.

The calculation method for the provision is set forth as below:

Amount of provision made = (ex-factory price per vial before inclusion in the NRDL – ex-factory price per vial after inclusion in the NRDL) × volume of Utidelone Injection sold to distributors but not yet sold to patients before the inclusion in the NRDL

Our revenue is recognised when a customer obtains control of the product and generally there is no refund arrangement. Utidelone Injection for advanced breast cancer was included in the NRDL 2022 in January 2023, and the negotiated price has been implemented since March 1, 2023. We recognized a provision for one-off price reduction compensation to customers due to official inclusion in the NRDL for products sold to such customers but not yet sold to patients before March 1, 2023. During the year ended December 31, 2023, all provisions made were utilised and as of December 31, 2023, no provision were recorded. As advised by Frost & Sullivan, based upon publicly disclosed information, including the interim reports, annual reports and listing documents of listed companies, it is a common practice among biopharmaceutical companies to offer one-off price reduction compensation to their distributors when their products purchased by these distributors prior to the inclusion in the NRDL remain unsold to patients. In the future, if the price of Utidelone Injection is reduced as adjusted by the National Healthcare Security Administration, we may expect to make further provisions.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our primary uses of cash were to fund R&D activities, the construction of our R&D and manufacturing facilities, purchase of equipment, machinery and intangible assets and supplementary day-to-day operations. We recorded net cash used in operating activities of RMB79.4 million, RMB149.3 million, RMB69.1 million and RMB51.0 million for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024,

respectively. During the Track Record Period, we financed our operations primarily through equity financing. As of August 31, 2024, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB81.7 million.

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,		As of May 31,	As of August 31,
	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets:				
Inventories	31,109	27,267	31,161	29,952
Trade and other receivables	38,950	15,947	17,727	21,193
Prepayments	5,348	14,300	13,557	14,376
Financial assets measured at fair value through profit or loss ("**FVPL**")	444,991	235,611	130,216	84,190
Fixed deposits with banks	224,166	302,318	338,958	310,516
Cash and cash equivalents	60,106	38,087	35,927	81,695
Total current assets	**804,670**	**633,530**	**567,546**	**541,922**
Current liabilities:				
Trade and other payables	39,608	42,987	54,346	62,118
Amounts due to related parties	188	24	9	—
Provision	10,838	—	—	—
Lease liabilities	1,091	732	1,445	988
Total current liabilities	**51,725**	**43,743**	**55,800**	**63,106**
Net current assets	**752,945**	**589,787**	**511,746**	**478,816**

Our net current assets decreased from RMB511.7 million as of May 31, 2024 to RMB478.8 million as of August 31, 2024, primarily due to (i) a decrease of RMB46.0 million in financial assets measured at fair value through profit or loss, and (ii) a decrease of RMB28.4 million in fixed deposits with banks, partially offset by an increase of RMB45.8 million in cash and cash equivalents.

Our net current assets decreased from RMB752.9 million as of December 31, 2022 to RMB589.8 million as of December 31, 2023, and further decreased to RMB511.7 million as of May 31, 2024. The decrease was mainly due to a decrease in financial assets, which resulted from the allocation of the funds towards daily operations.

Cash Flows

The following table sets forth key items of our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Operating activities				
Net cash used in operating activities	(79,438)	(149,332)	(69,053)	(51,014)
Investing activities				
Payment for the purchase of property, plant and equipment	(31,861)	(27,840)	(9,735)	(28,760)
Payment for the addition of intangible assets	(817)	—	—	—
Payment for investment in financial assets measured at FVPL	(717,000)	(535,000)	(85,000)	(210,000)
Proceeds from redemption of financial assets measured at FVPL	819,814	753,477	265,742	317,483
Placement of fixed deposits with banks	(250,632)	(435,801)	(150,440)	(212,686)
Proceeds from redemption of fixed deposits with banks	33,708	374,993	117,734	183,198
Net cash (used in)/generated from investing activities	(146,788)	129,829	138,301	49,235
Financing activities				
Proceeds of net advances from a related party	70	—	—	9
Repayments of net advances to a related party	—	(68)	(68)	—
Capital element of lease rentals paid	(1,126)	(1,005)	(269)	(194)
Interest element of lease rentals paid	(71)	(57)	(29)	(25)
Consideration received for RSUs granted by the Company	4,660	—	—	—
Net cash generated from/(used in) financing activities	3,533	(1,130)	(366)	(210)
(Decrease)/increase in cash and cash equivalents	(222,693)	(20,633)	68,882	(1,989)
Cash and cash equivalents at January 1	268,415	60,106	60,106	38,087
Effect of foreign exchange rate changes	14,384	(1,386)	(3,198)	(171)
Cash and cash equivalents at December 31/May 31	60,106	38,087	125,790	35,927

Net Cash Used in Operating Activities

For the five months ended May 31, 2024, we had net cash used in operating activities of RMB51.0 million, which was mainly attributable to our loss before taxation of RMB57.5 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included increase in trade and other payables of RMB11.6 million, equity-settled share-based payment expenses of RMB4.7 million and depreciation of property, plant and equipment of RMB3.2 million; and (ii) negative adjustments, which primarily included interest income from fixed deposits with banks of RMB5.9 million, increase in inventories of RMB3.9 million, net realized and unrealized gains on investments in financial assets measured at FVPL of RMB2.1 million, increase in trade and other receivables of RMB1.7 million and net foreign exchange gains of RMB1.1 million.

For the year ended December 31, 2023, we had net cash used in operating activities of RMB149.3 million, which was primarily attributable to our loss before taxation of RMB189.6 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included, equity-settled share-based payment expenses of RMB44.4 million, decrease in trade and other receivables of RMB25.2 million, depreciation of property, plant and equipment of RMB8.0 million, increase in trade and other payables of RMB3.4 million and decrease in inventories of RMB3.1 million; and (ii) negative adjustments, which primarily included interest income from fixed deposits with banks of RMB11.7 million, decrease in provision of RMB10.8 million, net realised and unrealised gains on investments in financial assets measured at FVPL of RMB9.1 million, increase in prepayments of RMB9.0 million and net foreign exchange gains of RMB4.7 million.

For the year ended December 31, 2022, our net cash used in operating activities was RMB79.4 million, which was primarily attributable to our loss before taxation of RMB160.5 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included equity-settled share-based payment expenses of RMB80.7 million, an increase in trade and other payables of RMB28.2 million, an increase in provision of RMB10.8 million and depreciation of property, plant and equipment of RMB8.0 million, and (ii) negative adjustments, which primarily included net foreign exchange gains of RMB19.6 million, net realised and unrealised gains on investments in financial assets measured at FVPL of RMB10.8 million, an increase in inventories of RMB8.4 million, an increase in trade and other receivables of RMB6.9 million, and interest income from fixed deposits with banks of RMB2.8 million.

The negative operating cash flows we experienced during the Track Record Period primarily resulted from our cash-intensive R&D activities and the marketing expansion of our already marketed product. We plan to improve our operating cash flow position through various measures, for example:

- ***Maintaining and enhancing the momentum of revenue growth in the sales of the Core Product***. We plan to further ramp up the sales of our Core Product through organizing and attending academic conferences and lectures to further enhance the brand awareness

and market recognition of our Core Product. We also expect to cement the cooperation with CSOs, leveraging their marketing expertise and extensive coverage on pharmacies and hospitals in China to promote our Core Product;

- ***Advancing our portfolio product candidates towards commercialization.*** Apart from carrying out our current plans of clinical trials for product candidates with a view to obtaining NDA and achieving commercialization, we also plan to actively license out our rights and receive a share of the profits from the licensees for the sales and marketing of future products upon approval;

- ***Enhancing cost efficiency and managing the growth of expenses.*** With the increasing sales of our Core Product, we expect to ramp up production volume and further benefit from economies of scale. In addition, we plan to prudently monitor the growth of operating expenses to ensure that they increase in a cost-efficient way. We expect to enhance our R&D efficiency by continuously cooperating with experienced and qualified third parties such as CROs, SMOs and clinical research sites (hospitals) to support our preclinical studies and clinical trials. We also expect to enhance our sales and promotion efficiency through further cooperation with CSOs to leverage their expertise and channels to promote our Core Product. Moreover, we plan to continue implementing discretionary performance-based bonus to incentivize the working efficiency of the administrative personnel; and

- ***Enhancing our efforts in collecting trade receivables.*** We plan to implement various measures to enhance the collection of trade receivables. Please refer to "Financial Information — Description of Selected Items from the Consolidated Statements of Financial Position — Trade and Other Receivables."

Net Cash (Used in)/Generated from Investing Activities

For the five months ended May 31, 2024, we had net cash generated from investing activities of RMB49.2 million, mainly attributable to (i) proceeds from redemption of financial assets measured at FVPL of RMB317.5 million, and (ii) proceeds from redemption of fixed deposits with banks of RMB183.2 million, partially offset by (i) placement of fixed deposits with banks of RMB212.7 million, and (ii) payment for investment in financial assets measured at FVPL of RMB210.0 million.

For the year ended December 31, 2023, we had net cash generated from investing activities of RMB129.8 million, primarily attributable to (i) the proceeds from redemption of financial assets measured at FVPL of RMB753.5 million, and (ii) the proceeds from redemption of fixed deposits with banks of RMB375.0 million, partially offset by (i) the payment for investment in financial assets measured at FVPL of RMB535.0 million, and (ii) the placement of fixed deposits with banks of RMB435.8 million.

For the year ended December 31, 2022, our net cash used in investing activities was RMB146.8 million, primarily attributable to (i) payment for the purchase of property, plant and equipment of RMB31.9 million; (ii) the payment for investment in financial assets measured at

FVPL of RMB717.0 million; and (iii) the placement of fixed deposits with banks of RMB250.6 million, partially offset by the proceeds from redemption of financial assets measured at FVPL of RMB819.8 million and the proceeds from redemption of fixed deposits with banks of RMB33.7 million.

Net Cash Generated from/(Used in) Financing Activities

For the five months ended May 31, 2024, our net cash used in financing activities was RMB0.2 million, mainly attributable to capital element of lease rentals paid of RMB0.2 million.

For the year ended December 31, 2023, we had net cash used in financing activities of RMB1.1 million, primarily attributable to the capital element of lease rentals paid of RMB1.0 million.

For the year ended December 31, 2022, our net cash generated from financing activities was RMB3.5 million, primarily attributable to consideration received for RSUs granted by the Company of RMB4.7 million, partially offset by the capital element of lease rentals paid of RMB1.1 million.

CASH OPERATING COSTS

The following table provides information regarding our cash operating costs for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Costs relating to research and development of our Core Product			
Staff cost	9,603	10,917	7,429
Clinical trial and testing expenses	27,166	83,478	26,252
Research and development materials	340	229	99
Utility expenses	398	316	226
Others	1,446	2,464	1,326
Subtotal	**38,953**	**97,404**	**35,332**

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Costs relating to research and development of our other drug candidates			
Staff cost	8,945	10,405	1,430
Clinical trial and testing expenses	5,295	11,653	3,954
Research and development materials	450	2,006	62
Utility expenses	509	446	60
Others	350	1,028	147
Subtotal	**15,548**	**25,538**	**5,653**
Other Costs			
Product marketing	34,442	44,993	16,970
Operating cost	13,332	15,039	13,891
Direct production costs	7,905	17,791	2,204
Workforce employment costs[(1)]	45,884	55,302	21,737
Non-income taxes, royalties and other governmental charges	6,042	1,778	1,247
Subtotal	**107,605**	**134,903**	**56,049**
Total	**162,106**	**257,845**	**97,034**

Note:

(1) Workforce employment costs represent total non-R&D personnel costs mainly including salaries and benefits.

WORKING CAPITAL CONFIRMATION

Our Directors are of the view 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 sufficient working capital to cover at least 125% of our costs, including cost of sales, selling and distribution expenses, R&D expenses and administrative expenses for at least the next 12 months from the expected date of this prospectus.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, including clinical development and business development activities and sales and marketing activities; (ii) purchase of property, plant and equipment; (iii) interest paid on lease liabilities; and (iv) payment of lease liabilities. Assuming an average cash burn rate going forward of 1.2 times of the level for the five months ended May 31, 2024, we estimate that our cash and cash equivalents, fixed deposits with banks and financial assets measured at fair value through profit or loss as of August 31, 2024, totaling RMB476.4 million, will be able to maintain our

financial viability for approximately 34 months taking into account the estimated net proceeds from the Global Offering (based on the low-end of the indicative Offer Price range). Our Directors will continue to monitor our working capital, cash flows and our business development progress.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of May 31,	As of August 31,
	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Lease liabilities	1,091	732	1,445	988
Amounts due to related parties	188	5	9	—
Non-current				
Lease liabilities	813	167	763	768
Total	**2,092**	**904**	**2,217**	**1,756**

Except as discussed above, we did not have any other 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 the Latest Practicable Date. As of the Latest Practicable Date, we had no credit facilities and financing agreements with any banks.

Our Directors confirm that there had been no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there had been no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we had not experienced any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. There had not been any material change in our indebtedness since August 31, 2024 up to the date of this prospectus.

Lease Liabilities

During the Track Record Period, we have leased properties for office properties and R&D activities, our lease terms remaining are generally for a period of 1 to 2 years, and we have negotiated the lease terms individually, including different payment terms and conditions. We recognize lease liabilities for all leases except short-term leases and leases of low value assets.

Amounts Due to Related Parties

The amounts due to related parties are non-trade in nature, unsecured, interest-free and payable on demand. The amounts due to related parties were settled in full in June 2024.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated:

	For the year ended December 31,		For the five months ended May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payment for the purchase of property, plant and equipment	31,861	27,840	28,760
Payment for the addition of intangible assets	817	—	—
Total	**32,678**	**27,840**	**28,760**

Our historical capital expenditures during the Track Record Period primarily included the construction of our R&D and manufacturing facilities, and the purchase of equipment, machinery and intangible assets. During the Track Record Period, we have primarily funded our capital expenditure requirements with equity financing. We plan to use cash in the bank and net proceeds from the Global Offering to fund planned capital expenditures. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for more details. We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

COMMITMENTS

We had the following commitments as of the dates indicated.

	As of December 31,		As of May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contracted for construction in progress	54,618	25,898	8,285
Authorised but not contracted for construction in progress	81,624	82,504	82,096
	136,242	108,402	90,381

CONTINGENT LIABILITIES

As of December 31, 2022 and 2023 and May 31, 2024, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities since May 31, 2024 to the date of this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our only related party transaction mainly comprised the key management personnel remuneration and significant related party transactions. Our Directors believe that our transactions with the related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance. For more information on our transactions with and the outstanding balances with related parties during the Track Record Period are set out in Note 28 to the Accountants' Report included in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,		As of/for the five months ended May 31,
	2022	2023	2024
Profitability ratios			
Gross margin (%)	72.8	70.3	85.1
Liquidity ratios			
Current ratio[(1)] (times)	15.6	14.5	10.2
Quick ratio[(2)] (times)	15.0	13.9	9.6
Capital adequacy ratios			
Gearing ratio[(3)] (%)	0.2	0.1	0.3

Notes:

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

(2) Quick ratio equals currents assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated as dividing total debt by total equity as of the end of that year/period. Total debt represents all interest bearing debt.

Profitability ratios

Gross Margin

Please refer to "— Period to Period Comparison of Results of Operations" for disclosure in relation to gross margin during the Track Record Period.

Liquidity Ratios

Current ratio decreased from 15.6 times as of December 31, 2022 to 14.5 times as of December 31, 2023, and further decreased to 10.2 times as of May 31, 2024. Quick ratio decreased from 15.0 times as of December 31, 2022 to 13.9 times as of December 31, 2023, and further decreased to 9.6 times as of May 31, 2024. Such decrease was mainly due to a decrease in current assets as we deployed our funds towards daily operation.

Capital Adequacy Ratios

Gearing Ratio

Our gearing ratio was 0.2% as of December 31, 2022, 0.1% as of December 31, 2023 and 0.3% as of May 31, 2024 as our indebtedness was minor compared to our total equity.

MARKET RISK DISCLOSURE

We are exposed to a variety of market risks and other financial risks, including credit risks, liquidity risk, interest rate risk and currency risk. Our Directors regularly review and agree on policies for managing each of these risks and they are summarized below. For more information, see Note 26 to the Accountants' Report included in Appendix I to this prospectus.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables. Our exposure to credit risk arising from cash and cash equivalents and bank deposits are limited because the counterparties are banks for which we considers representing low credit risk. Our exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating; and (ii) the remaining lease term and the period covered by the rental deposits.

We do not provide any guarantees which would expose us to credit risk.

Trade Receivables

We have no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of December 31, 2022 and 2023 and May 31, 2024, the trade receivables of our five largest customers accounted for 64.1%, 39.6% and 34.8% of the total trade receivables, respectively.

We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the

economic environment in which the customer operates. Unless special approval is granted, trade receivables are due within 90 days from the date of billing. Normally, we do not obtain collateral from customers.

We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Liquidity Risk

In the management of the liquidity risk, we regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and longer term. For more information, see Note 26(b) to the Accountants' Report included in Appendix I to this prospectus.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are primarily exposed to fair value interest rate risk in relation to lease liabilities, and cash flow risk in relation to variable-rate bank balances. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rates should the need arise. We consider that the exposure to fair value interest rate risk and cash flow risk is not significant because the current market interest rates are relatively low and stable.

Currency Risk

We are exposed to currency risk primarily through bank deposits and inter-company receivables that are denominated in a foreign currency. The currencies giving rise to this risk are primarily United States dollars. We did not experience any material impact on our operations resulting from fluctuation in exchange rates during the Track Record Period. For more information, see Note 26(d) to the Accountants' Report included in Appendix I to this prospectus.

DIVIDEND

We have never declared or paid any dividends on our ordinary shares or any other securities. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business. We currently do not have any dividend policy and do not intend to declare or pay any 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 in accordance with our Articles of Association and the PRC Company Law, 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. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC

currently permit the payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of May 31, 2024, we did not have any distributable reserves.

PROPERTY INTERESTS AND PROPERTY VALUATION

Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has valued our property interests as of August 31, 2024 and is of the opinion that the aggregate market value of the property in which we had an interest as of such date was RMB182.1 million. The full text of the letter, summary of valuation and valuation certificates with regard to our property interests are set out in "Appendix III — Property Valuation Report" to this prospectus.

The statement below shows the reconciliation of net book value of our buildings, construction in progress and ownership interests in leasehold land (the "**Selective Properties**") as of May 31, 2024 as extracted from "Appendix I — Accountants' Report" to this prospectus with the valuation of the Selective Properties as of August 31, 2024 as set out in "Appendix III — Property Valuation Report" to this prospectus.

	(RMB'000)
Net book value of the Selective Properties as of May 31, 2024	147,464
Add: Additions during the three-month period from June 1, 2024 to August 31, 2024	6,866
Less: Depreciation and amortization during the three-month period from June 1, 2024 to August 31, 2024	(974)
Net book value of the Selective Properties as of August 31, 2024	153,356
Valuation surplus	28,723
Valuation of the Selective Properties of our Group as of August 31, 2024 as set out in the Property Valuation Report in Appendix III to this prospectus	182,079

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB39.3 million (including underwriting commission, at the Offer Price of HK$19.0 per H Share, being the mid-point of the indicative Offer Price range of HK$16.0 to HK$22.0 per H Share), which represent

15.6% of the gross proceeds from the Global Offering. The above listing expenses comprise (i) underwriting-related expenses, including sponsor fee and underwriting commission, of RMB13.7 million, and (ii) non-underwriting-related expenses of RMB25.6 million, including (a) the legal advisors and the reporting accountants' expenses of RMB17.0 million, and (b) other fees and expenses of RMB8.6 million. During the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024, we incurred listing expenses in profit or loss of nil, RMB5.4 million and RMB9.1 million, respectively. Some listing expenses to be deducted from equity are recognized as prepayments as of December 31, 2023 and May 31, 2024. After May 31, 2024, approximately RMB15.9 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB8.9 million is expected to be accounted for as a deduction from equity upon the 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 net tangible assets of our Group is prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of our Company as of May 31, 2024 as if the Global Offering had taken place on May 31, 2024.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of May 31, 2024 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of our Company as of May 31, 2024[1]	**Estimated net proceeds from the Global Offering[2]**	**Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of our Company**	**Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of our Company per Share[3]**	
	RMB'000	*RMB'000[4]*	*RMB'000*	*RMB*	*HK$[4]*
Based on an Offer Price of HK$16.0 per H Share . .	669,389	189,192	858,581	2.35	2.58
Based on an Offer Price of HK$22.0 per H Share . .	669,389	265,643	935,032	2.56	2.81

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of our Company as of May 31, 2024 is arrived after deducting intangible assets of RMB1,125,000 from the consolidated total equity attributable to equity shareholders of our Company of RMB670,514,000 as of May 31, 2024, which is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$16.0 and HK$22.0 per H Share, being the lower end price and higher end price of the indicative offer price range respectively, and the issuance of 14,588,000 H Shares, after deduction of the underwriting fees and other related expenses paid or payable by our Group (excluding the listing expenses of RMB14,471,000 which have been charged to profit or loss during the Track Record Period).

(3) The unaudited pro forma adjusted net tangible assets per Share are arrived at after the adjustment referred to in the preceding paragraph and on the basis that 364,588,000 Shares (being the outstanding 350,000,000 shares in issue immediately before the completion of the Global Offering and 14,588,000 H Shares to be issued pursuant to the Global Offering) are expected to be in issue immediately following the completion of the Global Offering.

(4) The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi and the unaudited pro forma adjusted net tangible assets per Share is converted from Renminbi into Hong Kong dollars at the exchange rate of RMB1.00 to HK$1.0990 prevailing on October 14, 2024. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted into Renminbi, or vice versa, at that rate.

(5) Our Group's buildings, construction in progress and ownership interests in leasehold land included in the consolidated financial statements as of August 31, 2024 have been valued by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer and consultant. The above pro forma statement of adjusted net tangible assets does not take into account the surplus arising from the revaluation of our Group's property interests amounting to approximately RMB29 million. Revaluation surplus has not been recorded in the historical financial information of our Group and will not be recorded in the consolidated financial statements of our Group in future periods as our Group's property, plant and equipment and ownership interests in leasehold land are stated at cost less accumulated depreciation and impairment losses, if any. If the revaluation surplus were recorded in our Group's consolidated financial statements, additional annual depreciation of approximately RMB1 million would be charged against profit or loss in future periods.

(6) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to May 31, 2024.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since May 31, 2024, and up to the date of this prospectus and there has been no event since May 31, 2024, and up to the date of this prospectus which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

IMPACT OF THE COVID-19 OUTBREAKS

During the Track Record Period, the outbreak of the COVID-19 pandemic in late 2019 materially and adversely affected the global economy. Due to the outbreak of COVID-19, hospitals in some areas have concentrated their efforts in dealing with the pandemic and certain cancer patients' visits have been delayed, causing negative impacts on the progress of our marketing and clinical trials. In addition, the global spread of the COVID-19 pandemic has caused our clinical trials and commercialization plan in the United States and other overseas areas to be delayed, thereby having negative effects on our R&D, sales, and other operations.

With the new wave of the COVID-19 pandemic beginning in March 2022, the resulting government management measures negatively impacted our pharmaceutical promotion efforts and affected our customers' cash flow, leading to overdue receivables for us. Simultaneously, affected

by the pandemic, the 2022 NRDL was officially effective in March 2023. In anticipation of the increasing sales volume upon the inclusion of Utidelone Injection in NRDL, our customers stocked up Utidelone Injection in the second half of 2022. However, due to the postponement of the effective date of the 2022 NRDL, the sales volume of Utidelone Injection in January and February of 2023 was lower than expected, leading to our customers' delay in payment to us. Additionally, the outbreak of the COVID-19 pandemic created obstacles for on-site inspections of our production and R&D, GMP compliance, and hence prolonged the overall registration and review process. Moreover, we experienced a decrease in the sales volume of Utideleone Injection for the year ended December 31, 2022 amid the unanticipated resurgence of COVID-19 pandemic. As a result of the measures and restrictions on travel and social distance, there was disruption to patients' regular visits to hospitals for administration of therapy, leading to the decreased sales volume of Utidelone Injection. In addition, due to social distancing and related measures adopted to contain the COVID-19 pandemic, there was a decrease in the number of offline in-person visits, conferences and lectures conducted by us and our CSOs, which also resulted in the decreased sales volume in Utidelone Injection in 2022. Although we enhanced efforts in conducting on-line visits, conferences and lectures, the outcome of online events was not as satisfactory as offline events. Meanwhile, we adjusted production plan to reduce the production volume accordingly, resulting in relatively low utilization rate for the year ended December 31, 2022. As a result, our Directors are of the view that the COVID-19 pandemic caused impact on our business during the Track Record Period.

We have employed various measures to mitigate any impact the COVID-19 outbreaks may have on our operations in China and the development of our drug candidates, including offering personal protection equipment such as masks to our employees, regularly checking the body temperature of our employees and closely monitoring their health conditions. Following the subsiding of COVID-19 pandemic and our efforts in collecting trade receivables in 2023, our operations have resumed to normal since February 2023, and our trade receivable turnover days decreased from 332 days for the year ended December 31, 2022 to 125 days for the year ended December 31, 2023, and further to 64 days for the five months ended May 31, 2024.

We cannot foresee whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors — Other Risks Relating to Our Operations — Our business faces considerable risks from health epidemics, natural disasters, acts of war, and terrorism, which have historically disrupted operations and could significantly impact our financial stability and operational effectiveness in the future." We will closely monitor and evaluate any impact of such outbreak on us and adjust our precautionary measures responding to its developments. We will also continue to monitor the COVID-19 situation as well as various regulatory and administrative measures adopted to prevent and control the outbreak.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please refer to the section headed "Business — Our Development Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$19.0 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), will be approximately HK$234.0 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK$22.0 per Offer Share (being the high end of the indicative Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$42.0 million.

If the Offer Price is fixed at HK$16.0 per Offer Share (being the low end of the indicative Offer Price range stated in this prospectus), the net proceeds we receive will be reduced by approximately HK$42.0 million.

We intend to apply the net proceeds of the Global Offering for the purposes and in the amounts set out below, assuming that the Offer Price is fixed at HK$19.0 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus):

(i) approximately 44.9% of our estimated net proceeds, or HK$105.1 million, will be used to fund the ongoing and planned clinical trials of our Core Product (mainly including costs of clinical research centers for conducting clinical trials, fees paid to CROs, SMOs and other suppliers for R&D, costs for raw materials and consumables used in clinical trials, salary and benefits for relevant clinical teams, as well as costs relating to recruiting patients and hiring external consultants). Upon approval of the Core Product in 2021, we have strategically started expanding the scope of indications. We have been steadily increasing our investment in R&D of our Core Product during the Track Record Period. During the Track Record Period, we have intensified our R&D efforts to expand the indications of the Core Product, including other solid tumors (breast cancer neoadjuvant and advanced NSCLC).

    In the future, we expect that the R&D expenses for the Core Product will increase as the later stages of clinical trials for the Core Product progress in China and globally. In particular, we will concurrently allocate a portion of our R&D expenses to support the clinical trials in the international multi-center, including the phase II to phase III clinical trials of Utidelone Injection for advanced NSCLC and the phase III clinical trial of Utidelone Injection for advanced breast cancer. Moreover, we plan to further enhance the investment in the R&D relating to additional indications of the Core Product, including

but not limited to breast cancer brain metastasis, lung cancer brain metastasis and glioblastoma. As such, we expect a considerable increase in the research and development expenses for the Core Products in the future.

We will prioritize the advancement of the phase III clinical trial of Utidelone Injection for advanced NSCLC in China and the phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant in China, with the aim to expedite the commercialization of the two pipeline candidates and provide superior alternatives that address the limitations of traditional medication and offer improved treatment options for cancer patients. We intend to allocate:

Clinical Trials in China

- approximately 9.8%, or HK$22.9 million to fund the phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant in China. The phase III clinical trial of Utidelone Injection for breast cancer neoadjuvant is currently in the recruitment stage. We plan to complete the full enrollment by the second quarter of 2025. We target to complete the primary endpoint analysis by the end of 2025, followed by an NDA submission. With the application of the proceeds, the NDA is expected to be approved by the NMPA by the end of 2026.

- approximately 11.8%, or HK$27.7 million to fund the phase III clinical trials of Utidelone Injection for advanced NSCLC in China. The phase III clinical trial of Utidelone Injection for advanced NSCLC is currently in the recruitment stage. We expect to complete the full enrollment by the first quarter of 2025. With the application of the proceeds, we target to complete the primary endpoint analysis by the end of 2025, followed by an NDA submission which is expected to be approved by the NMPA by the end of 2026.

- approximately 4.6%, or HK$10.8 million to fund the phase II (pivotal) clinical trial of Utidelone Injection for lung cancer brain metastasis in China. We obtained an IND approval for the phase II (pivotal) clinical trial in the third quarter of 2024. We plan to complete the full enrollment by the end of 2025, followed by an NDA submission, which is expected to be approved by NMPA by the middle of 2027. We expect to spend HK$10.3 million for phase II (pivotal) study and HK$0.5 million for the NDA.

Overseas Clinical Trials

- approximately 5.3%, or HK$12.3 million to fund the phase II-III international multi-center clinical trial of Utidelone Injection for advanced NSCLC. We have completed site screening visits in the United States to identify clinical sites willing to join in the phase II part of this study. We expect the FPI for the phase II part by the fourth quarter of 2024 and plan to achieve full enrollment by the end of 2025. The first subject for phase III part is expected to be enrolled in early 2026. We plan

to complete the primary endpoint analysis by the end of 2027, followed by an NDA submission. We expect to spend HK$2.3 million for phase II part and HK$10.0 million for phase III part and NDA. The NDA submission is expected to be approved by the FDA by the end of 2028.

- approximately 3.5%, or HK$8.3 million to fund the phase III international multi-center clinical trial of Utidelone Injection for advanced breast cancer. We plan to initiate this study in the second half of 2024. We expect the FPI by the middle of 2025 and plan to complete the full enrollment in early 2027, followed by an NDA submission which is expected to be approved by the FDA by the end of 2028.

- approximately 9.9%, or HK$23.1 million to fund the phase II (pivotal) study of Utidelone Injection for breast cancer brain metastasis in the United States. With the ODD approval granted to us in March 2024, we obtained IND approval in June 2024. We plan to complete the full enrollment by the end of 2025, followed by an NDA submission, which is expected to be approved by the FDA by the end of 2026.

With regard to the phase II clinical trial of Utidelone Injection for treatment of advanced solid tumors (Stage 2, Gastric/esophagus cancer), we expect to complete it by the second quarter of 2024, and we plan to support it with our own funds. Following the completion of the phase II trial, we plan to switch to the development of Utidelone Capsule for gastrointestinal tumors. With regard to the clinical studies of Utidelone Injection for the treatment of glioblastoma in China and the U.S., we expect to submit IND applications to the NMPA and FDA in the fourth quarter of 2024, respectively. We strategically prioritize the allocation of the estimated net proceeds for the key clinical programs at later stages of Utidelone Injection in China and the U.S. As the program for the treatment of glioblastoma is at an early stage and does not require considerable resources, we plan to support the program with our own funds in the future.

(ii) approximately 38.9% of our estimated net proceeds, or HK$91.1 million, will be used to fund the ongoing and planned clinical trials and pre-clinical studies of products besides our Core Product and the investigator-initiated trials for our Core Product (mainly including costs of clinical research centers for conducting clinical trials, fees paid to CROs, SMOs and other suppliers for R&D, costs for raw materials and consumables used in clinical trials, salary and benefits for relevant clinical teams, as well as costs relating to recruiting patients and hiring external consultants). We intend to allocate:

- approximately 37.0%, or HK$86.6 million to fund the clinical trials of Utidelone Capsule. Given the significant convenience and improved patient adherence associated with orally administered microtubule inhibitors, as well as Utidelone Capsule's outstanding bioavailability, our Directors believe that the development of Utidelone Capsule would not only address unmet medical need but also help us tap into a vast market reach.

Clinical Trials in China

In China, we have completed a clinical study for advanced solid tumors and are currently conducting a pivotal clinical study of Utidelone Capsule combined with capecitabine for advanced breast cancer (the same indication as one already approved for Utidelone Injection). We plan to submit a pre-NDA in the second half of 2024, and discuss with the CDE on the feasibility of directly filing an NDA submission for the advanced breast cancer indication of Utidelone Capsule combined with Capecitabine. In addition, following the completion of the Utidelone Injection phase II study for advanced solid tumors, we plan to switch to the development of Utidelone Capsule for gastrointestinal tumors and initiate a phase II–III MRCT for advanced gastric and/or esophageal cancers first-line treatment. We target to submit an IND application to the NMPA for the phase II-III MRCT in the fourth quarter of 2024. The NDA for this indication is expected to be submitted in 2026 and approved in 2027. Our Company is also advancing other indication expansions for Utidelone Capsule in China, such as advanced ovarian cancer and advanced liver cancer.

Overseas Clinical Trials

We had completed the phase I clinical study for advanced solid tumors in the United States by the first half of 2024. With the ODD approval granted to us in March 2024, we plan to submit an IND application to the FDA for the abovementioned phase II–III MRCT in the fourth quarter of 2024. The NDA for this indication is expected to be submitted in 2026 and approved in 2027, consistent with the above.

In particular, we intend to allocate:

— approximately 1.2% or HK$2.9 million to fund Utidelone Capsule solid tumor and advanced breast cancer pivotal study in China; and

— approximately 35.8% or HK$83.7 million to fund the phase II–III MRCT of Utidelone Capsule for advanced gastric and esophageal cancers.

- approximately 1.9%, or HK$4.5 million to fund the ongoing and planned pre-clinical studies, such as Utidelone nano-injection, Utidelone ADC, BG22, BG18 and BG44, and investigator-initiated trials for our Core Product:

  — approximately 1.6% or HK$3.7 million to fund pre-clinical studies for Utidelone nano-injection in China, Utidelone ADC, BG22, BG18 and BG44; and

— approximately 0.3% or HK$0.8 million to fund IITs for the Core Product. We plan to prioritize funding the IITs that were launched during the Track Record Period. Meanwhile, we plan to further partially fund new IITs with prudent consideration of factors such as the market conditions, new combination therapies, and potential indications.

(iii) approximately 3.0% of our estimated net proceeds, or HK$7.0 million, will be used to strengthen our domestic commercialization capabilities and construct our global marketing network. We intend to fund the establishment of marketing regional centers and offices in China and the United States, and establish an internal marketing and sales team to support the sales of our Utidelone products; and to strengthen our academic exchanges and cooperation with international parties and hospitals, which includes strengthening doctor-patient education through various academic seminars and professional conferences in the field of cancer treatment, and shaping and enhancing the influence and visibility of our products. Meanwhile, our Company plans to cooperate with CSOs to commercialize our products in China. The following table sets forth a breakdown of the expenses by nature and targeted commercialization jurisdictions with expected timeline for the proceeds to be used:

	Net proceeds from the Global Offering to be used	**Timeline for the proceeds to be used[2]**
	(HK$ in million)	
China		
Conference and lecture fees	3.0	In 36 months
Business development and other[1]	1.1	In 24 months
Total	**4.1**	
The United States and Others		
Conference and lecture fees	1.3	In 36 months
Business development and other[1]	1.6	In 24 months
Total	**2.9**	

Notes:

(1) Others mainly include office expenses and staff costs.

(2) The timeline for using the proceeds is for indication purpose, which is subject to adjustment according to the changes in the future market trends. Apart from the net proceeds from the Global Offering, we plan to use our own funds to support our commercialization plans as necessary in the future.

The following table sets forth the numbers and locations of the regional marketing centers and offices to be established in China and the U.S.:

	Number	Location
China		
Regional marketing centers	5	Shanghai, Guangdong, Shandong, Beijing, Sichuan, etc.
Offices	10–15	Shanghai, Guangdong, Shandong, Beijing, Sichuan, etc.
The United States		
Regional marketing centers	1	California
Offices	2	California, Washington DC

Commercialization Plans in China

With regard to the commercialization of our product in China, we plan to prioritize the core markets and focuses on leading hospitals. In order to rapidly enhance market recognition and penetration of Utidelone Injection and Utidelone Capsule for all the indications in the pipeline after approval in China ("**Utidelone Products**"), we plan to (a) conduct academic promotions, (b) extend marketing promotions to more regions, and (c) enhance user stickiness.

(a) ***Conduct academic promotions***. We plan to conduct academic promotions to increase market exposure. Academic promotion mainly includes: (a) organizing regular academic activities to increase product awareness; (b) introducing Utidelone Products through, among others, academic conference and researcher conferences; and (c) regular publicizing research results on public platforms to raise and maintain market awareness;

(b) ***Extend marketing promotions to more regions and collaborate with third-parties***. Our sales and marketing team plans to formulate professional and differentiated product marketing strategies to cover the medical institutions in key provinces, cities and regions across the country. As our products are by prescription only, our sales and marketing team is expected to continue visiting doctors and hospitals, publicize product information and collect market responses. We plan to actively promote Utidelone Products to doctors to help them understand its mechanism, method of drug delivery, clinical efficacy, safety and applicable population, thus enhancing the market awareness of Utidelone Products. In addition, we expect to also approach CSOs actively to consolidate collaborative relationships with them to expand the scope of product sales and enhance its brand recognition; and

(c) ***Enhance user stickiness***. Our sales and marketing team is also expected to provide after-sales service to answer inquires arising from the clinical use of Utidelone Products, so as to enhance customer stickiness.

Overseas Commercialization Plans

In the United States and other jurisdictions, we plan to promote our products and rapidly tap into new markets through (a) attending academic conferences, (b) the engagement of third-party licensees and collaboration with CSOs, and (c) the establishment of the local presence of its own.

(a) ***Promoting through attending academic conferences***. Similar to our academic promotion strategy in China, we also plan to conduct academic promotions to increase market exposure in the U.S. and other jurisdictions. We expect to attend international academic conferences relating to oncology and cancer treatment, and enhance the visibility of its products in the global market through cooperation with international parties and hospitals;

(b) ***Collaboration with third-parties***. Our plan to actively license out our rights and receive a share of the profits from the licensees for the marketing and promotion of the products. We intend to collaborate with other parties in the U.S., primarily due to (a) we believe that partnering with a U.S. company saves the time and risk in learning about a new market, as the U.S. partners possess in-depth knowledge of the market trends, competition and customer behavior; (b) U.S. pharmaceutical companies often have well-established relationships with healthcare providers, insurance companies and pharmacies, which can expedite our entering into the U.S.; (c) licensing out rights can be more cost-effective, reducing overhead costs of building and maintaining a sales and marketing team in the U.S.; (d) licensing out rights can mitigate the risks associated with the regulatory approval process, as the U.S. partner deals with the challenges of the regulatory approval process and the financial risks of launching a new drug in the market; and (e) we can devote more resources to the research and development of our drug candidates while the U.S. partners is responsible for the marketing and distribution in the U.S. For our ongoing clinical trials in the U.S., we are collaborating with local CROs to manage and conduct these trials, and we have personnel in China responsible for directing and supervising these trials conducted within the U.S.; and

(c) ***Establishment of local presence***. For example, we established a wholly-owned subsidiary, Biostar Pharma, Inc., in the United States on April 27, 2022 to provide support to our clinical trial projects in the United States. After the Utidelone Injection and Utidelone Capsule are launched in the United States, Biostar Pharma, Inc. is expected to further provide support to the promotion of our products in the United States, such as helping us in communicating with local licensees or by

selecting, managing and supervising the local CSO teams, among other things. We plan to establish an office in California and Washington DC with a few staff to support our operation in the following two years.

(iv) approximately 3.2% of our estimated net proceeds, or HK$7.4 million, will be used to expand our production capacity. In particular, we plan to improve the production process and production quality at our manufacturing facility in Chengdu, China and set up production capabilities for new indications of Utidelone. Our manufacturing facility in Chengdu comprises two phases. We completed the construction of the phase I manufacturing facility in October 2017, which passed the GMP inspection in 2020 and was primarily used to produce Utidelone Injection and Utidelone API for the sales in the PRC. Given that we obtained the approval for marketing of Utidelone Injection in 2021, we have a short period of commercialization, and we are in the process of scaling up our sales and production volumes. Our utilization rate of the current production line was 5.5% for the year ended December 31, 2022, which reflected the decrease in the sales volume of Utidelone Injection resulting from the COVID-19 pandemic in 2022. As a result of the measures and restrictions on travel and social distance, there was disruption to patients' regular visits to hospitals for administration of therapy, leading to the decreased sales volume of Utidelone Injection. In addition, due to social distancing and related measures adopted to contain the COVID-19 pandemic, there was a decrease in the number of offline in-person visits, conferences and lectures conducted by us and our CSOs, which also resulted in the decreased sales volume of Utidelone Injection in 2022. Although we enhanced efforts in conducting on-line visits, conferences and lectures, the outcome of online events was not as satisfactory as offline events. As our sales and distribution activities decreased amid the resurgences of the COVID-19 pandemic in 2022, we adjusted production plan to reduce the production volume accordingly, resulting in the relatively moderate utilization rate for the year ended December 31, 2022. Following the subsiding of the COVID-19 pandemic in 2023, our utilization rate of the current production line increased from 5.5% for the year ended December 31, 2022 to 39.4% for the year ended December 31, 2023. The current capacity of the phase I manufacturing facility enables us to produce 500,000 vials of Utidelone Injection per annum. With our enhanced marketing and sales efforts and the inclusion of Utidelone Injection in the NRDL in 2023, our sales volume increased by 387.0% from 18,483 vials for the year ended December 31, 2022 to 90,021 vials for the year ended December 31, 2023. In the future, with the inclusion of Utidelone Injection in the 2022 NRDL in early 2023, we expect to further gain access to more hospitals for the sales of Utidelone Injection, and we expect an increase in the future market demand and the sales volume of Core Product. According to Frost & Sullivan, the market size of breast cancer drug in China and in the world is expected to reach US$15.6 billion and US$64.1 billion in 2030, respectively; and the market size of NSCLC drug in China and in the world is expected to reach US$22.6 billion and US$165.1 billion, respectively. We plan to have multiple indications approved for marketing in the next three years, each of which would result in further sales growth. For example, we expect to submit NDA for Utidelone Injection for breast cancer neoadjuvant in the fourth quarter of 2025 in China, and expect

to submit NDA for Utidelone Injection for advanced NSCLC in the fourth quarter of 2025 in China and in the fourth quarter of 2027 in the U.S. Resulting from the anticipated market expansion and the approval of new indications, we expect our annual sales volume of Utidelone Injection to exceed the annual production capacity of our current production line in the following few years. According to Frost & Sullivan, it generally takes approximately three to five years for a biopharmaceutics company to establish a new production facility, obtain a production license and put the production facility into full operation. Once our sales volume increases and approaches 500,000 vials per annum, the timeframe for production expansion would be extremely strained. In addition, in anticipation of the NDA approval for Utidelone Capsule, we are expanding the phase I manufacturing facility to establish a production line for Utidelone Capsule supported by our own funds, which is expected to be completed and put into operation in the fourth quarter of 2024 with an annual production capacity of at least 2.0 million capsules.

Driven by the need of expanding production capacity of Utidelone Injection and in anticipation of the progress of our overseas clinical trials and commercialization, we commenced the construction of the phase II manufacturing facility to produce Utidelone Injection in 2023, which is expected to comply with the cGMP standards to serve as groundwork for the future delivering of the Utidelone Injection on a global scale. Furthermore, establishing a manufacturing facility that complies with cGMP standards could place us in a better position to negotiate with potential partners to out-license our product or product candidates in overseas market. The construction of the phase II manufacturing facility has been supported by our own funds, and is to be further funded by the net proceeds we expect to receive from the Global Offering. The phase II manufacturing facility is expected to have a production capacity of at least 500,000 vials of Utidelone Injection, and is expected to be completed and put into operation within the fourth quarter of 2025. The following table sets forth a breakdown of the net proceeds earmarked at constructing the phase II manufacturing facility:

	Net proceeds from the Global Offering to be used
	(HK$ in million)
Purchase of production machinery and equipment	4.3
Purchase and installation of devices for cleaning and sanitation, electronic devices of production workshops, general systems[(1)] and software	2.2
Office decoration and others	0.9
Total	**7.4**

Note:

(1) General systems include systems that provide supplies to the whole facility, such as ventilation system and water supply system.

(v) approximately 10.0% of our estimated net proceeds, or HK$23.4 million, will be used as working capital and for general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, out-licensing deals, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will only be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

CCB International Capital Limited
China Securities (International) Corporate Finance Company Limited
ICBC International Securities Limited
CMBC Securities Company Limited
SPDB International Capital Limited
CGS International Securities Hong Kong Limited
Shenwan Hongyuan Securities (H.K.) Limited
Zhongtai International Securities Limited
Orient Securities (Hong Kong) Limited
Fosun International Securities Limited
Guoyuan Securities Brokerage (Hong Kong) Limited
Shanxi Securities International Limited
First Shanghai Securities Limited
Patrons Securities Limited
Mouette Securities Company Limited
Citrus Securities Limited
Futu Securities International (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 1,458,800 Hong Kong Offer Shares and the International Offering of initially 13,129,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "**Structure of the Global Offering**" in this prospectus (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the

Hong Kong Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

(a) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19, severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), comprehensive sanctions, economic sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, rebellion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delay in transportation) in or affecting Hong Kong, the PRC, the United States or any other jurisdiction relevant to our Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in 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 matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(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 SEHK, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange or the Singapore Stock Exchange;

(iv) any general moratorium on commercial banking activities in the PRC (imposed by the People's Bank of China), Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by any relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any other competent governmental authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of comprehensive sanctions under any sanctions Laws or regulations, or the withdrawal of trading privileges which existed on the date of this Agreement, in whatever form, directly or indirectly, by or for any of the Relevant Jurisdictions or relevant to the business operations of our Company or any member of our Group;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or RMB against any foreign currencies or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(viii) other than with the prior written consent of the Joint Sponsors and the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or an amendment to the Hong Kong Prospectus, the offering circular, the CSRC Filings or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the SEHK, the CSRC and/or the SFC;

(ix) any demand by creditors for repayment of indebtedness or an order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group;

(x) any chief executive officer, chief financial officer, any Director, Supervisors or any member of the senior management of our Company is vacating his or her office;

(xi) any litigation, dispute, proceeding, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group, Warranting Shareholder, Director, Supervisor or any member of the senior management of our Company;

(xii) any material contravention by any member of our Group or any Warranting Shareholder or any Director or any member of the senior management of our Company of any applicable Laws and regulations, including the Listing Rules, the Companies Ordinance, the Companies (WUMP) Ordinance and the PRC Company Law; or

(xiii) any non-compliance of the Hong Kong Public Offering Documents or the CSRC Filings (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering) with the Listing Rules or any other applicable Laws and regulations (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (WUMP) Ordinance and the CSRC Rules);

(xiv) any material adverse change or prospective change in our Group's assets, liabilities, profits, losses, performance, condition, business, financial position, earnings, trading position or prospects;

(xv) any event, act or omission which gives rise or is likely to give rise to any liability of our Company or any Warranting Shareholder pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(xvi) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this the Hong Kong Prospectus;

(xvii) any material breach of any of the obligations of any party (other than the Joint Sponsors and the Underwriting Parties) to the Cornerstone Investment Agreements;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(1) has or will have or is likely to have a Material Adverse Effect;

(2) has or will have or is likely to have a Material Adverse Effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged;

(3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below); or

(4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering) 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 Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters or the Capital Market Intermediaries that:

(i) any statement contained in any of the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued by or on behalf of our Company in connection with the Global Offering (including any supplement or amendment thereto but excluding names and addresses of the Underwriters) (the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents (including any supplement or amendment thereto) was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Hong Kong Prospectus, constitute a material misstatement in, or omission from any of the Offer Related Documents;

(iii) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the representations or warranties given by the Warrantors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(iv) there is a material breach of any of the obligations imposed upon any party (other than the Joint Sponsors or the Underwriting Parties) to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(v) there is an event, act or omission which gives or is likely to give rise to any liability of the Warrantors pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(vi) there is any Material Adverse Effect;

(vii) the approval of the SEHK of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering other than subject to any applicable conditions, is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by any applicable conditions), revoked or withheld;

(viii) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated;

(ix) any person (other than any of the Joint Sponsors) has withdrawn or sought to withdraw its consent to the issue of the Hong Kong Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(x) our Company withdraws the Hong Kong Public Offering Documents (and/or any other documents issued or used in connection with Global Offering) or the Global Offering;

(xi) there is a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;

(xii) any Director, Supervisor or member of senior management of our Company seeks to retire, or is removed from office, or is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or taking a directorship of a company, or there is a commencement by any governmental, political or regulatory body of any investigation or other action against any Director, Supervisor or member of senior management of our Company in his or her capacity as such or any member of our Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action;

(xiii) any chief executive officer, chief financial officer, general manager, any Director, Supervisors or any member of the senior management of our Company is vacating his or her office;

(xiv) any material litigation or claim instigated, or any material litigation or claim being threatened against any member of our Group, any Director or any Warranting Shareholder;

(xv) that a material portion of the orders placed or confirmed in the book-building process have been withdrawn, terminated or cancelled;

(xvi) there is an order or petition for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xvii) a material portion of the investment commitments by cornerstone investors under the Cornerstone Investment Agreements have been withdrawn, terminated or cancelled, or any cornerstone investment agreement is terminated, which has a material adverse effect on the success of the Global Offering, then the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their absolute discretion and upon giving notice orally or in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that at any time during the period commencing on the date of this prospectus and ending on the expiry of the six-month period after the Listing Date, it will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares, or other securities convertible into equity securities of our Company (including warrants or other convertible securities and whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or (b) in certain circumstances prescribed in Rule 10.08 of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) *Undertakings by our Company*

Pursuant to the Hong Kong Underwriting Agreement, except for the offer and sale of the Offer Shares pursuant to the Global Offering and otherwise pursuant to the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), our Company has undertaken to each of the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries and the Joint Sponsors not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, 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 a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (an "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company or any shares or other securities of such other member of the Group, 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 share capital or other securities of our Company, as applicable), or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) 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 the 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 Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six-Month Period). Our Company further agreed that, in the event our Company is allowed to enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to 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 will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company. Each of the Warranting Shareholders (as defined below) has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries to procure our Company to comply with the above undertakings.

Our Company has agreed and undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that it will and each of the Warranting Shareholders (as defined below) has further undertaken to procure that our Company will, comply with the minimum public float requirements as allowed by the Stock Exchange (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement prior to the expiration of the Second Six-Month Period without first having obtained the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

(B) *Undertakings by the Warranting Shareholders*

Each of Dr. Tang Li and Dr. Qiu Rongguo (the "**Warranting Shareholders**") has jointly and severally undertaken to each of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong

Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) he/she/it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, 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 over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company 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 securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company 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 of any Shares or other securities of our Company 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 securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the transactions will be completed within the First Six-Month Period);

(b) he/she/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above, agree or contract to or announce any intention to effect any such transaction if, immediately following such transaction, he/she/it will cease to be a single largest Shareholder of our Company;

(c) until the expiry of the Second Six-Month Period, in the event that he/she/it enters into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above, offers to or agrees to or announces any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the securities of our Company; and

(d) at any time during the First Six-Month Period and the Second Six-Month Period, he/she/it will (i) if and when he/she/it or the relevant registered holder(s) affiliated with the Warranting Shareholders pledges or charges any Shares or other securities of the Company beneficially owned by it, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of our Company so pledged or charged; and (ii) if

and when it or the relevant registered holder(s) affiliated with the Warranting Shareholders receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such indications, provided that nothing in the above shall prevent the Warranting Shareholders from (i) purchasing additional Shares or other securities of our Company and disposing of such additional Shares or securities of our Company in accordance with the Listing Rules, (ii) using the Shares or other securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Our Company has undertaken to the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that upon receiving such information in writing from the Warranting Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, the SFO and/or any other applicable Law, notify the Stock Exchange and/or other relevant Governmental Authorities, and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and the Warranting Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to 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 in the

event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See the section headed "**Structure of the Global Offering — The International Offering**" in this prospectus.

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 2.0% of the aggregate Offer Price of all the Offer Shares (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an incentive fee up to 2.0% of the Offer Price of all the Offer Shares (the "**Discretionary Fees**"). The ratio of Fixed Fees and Discretionary Fees payable to all Underwriters is therefore approximately 50:50. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately HK$43.1 million in total (based on the Offer Price of HK$19.0 per Offer Share which is the mid-point of the Offer Price range).

Indemnity

Each of our Company and the Warranting Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Warranting Shareholders of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of Qianhai Jiancheng, Jianchuang Zhongmin, Jinding Investment and CCB International Capital Limited ("**CCBI**") is a subsidiary of China Construction Bank Corporation, and therefore each of them is regarded as a member of the sponsor group of CCBI as defined under Rule 3A.01(9) of the Listing Rules. As the aggregate equity interest held by Qianhai Jiancheng, Jianchuang Zhongmin and Jinding Investment is below the threshold of 5% as set out in Rule 3A.07(1) of the Listing Rules, CCBI satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting process.

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 the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates 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, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of 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 underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock 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. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members 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 maintaining the market price of any of the Offer Shares at levels other than those

which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CCB International Capital Limited and China Securities (International) Corporate Finance Company Limited are the Overall Coordinators of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

14,588,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 1,458,800 H Shares (subject to reallocation) in Hong Kong as described in the sub-section "The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 13,129,200 H Shares (subject to reallocation) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "The International Offering" this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 4.0% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 1,458,800 H Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.40% of the total Shares in issue immediately following the 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 that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed "Conditions of the Global Offering" in this section.

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 could 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.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5.0 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5.0 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the 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 any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on

application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 729,400 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached. 1,458,800 Offer Shares are initially available under the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available under the Global Offering; and in the event of full subscription or over-subscription of the International Offer Shares, the Overall Coordinators and the Joint Global Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis, subject to the allocation basis as stated in the Chapter 4.14 of the Guide for New Listing Applicants:

- If the Hong Kong Public Offering is not fully subscribed for, the Overall 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, and the Allocation Cap as defined in and stated under the Chapter 4.14 of the Guide for New Listing Applicants will not be triggered;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 4,376,400 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 5,835,200 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total

number of Offer Shares available under the Hong Kong Public Offering will be 7,294,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

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.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the foregoing paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In accordance with the Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of H Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 2,917,600 Offer Shares (representing twice of the total number of Offer Shares initially available under the Hong Kong Public Offering), and the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e., HK$16.0 per Offer Share) stated in this prospectus.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Wednesday, October 30, 2024.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/her/it is making the application has 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 International Offer

Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$22.0 per Offer Share in addition to the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,444.38 for one board lot of 200 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$22.0 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 13,129,200 H Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 4.00% of the total Shares in issue immediately following the completion of the Global Offering.

Allocation

The International Offering will include institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that 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 sub-section headed "Pricing and Allocation" in this section 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 H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (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 applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection "The Hong Kong Public Offering — Reallocation" in this section above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before Tuesday, October 29, 2024, by agreement between the Overall Coordinators and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$22.0 per Offer Share and is expected to be not less than HK$16.0 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$22.0 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$4,444.38 for one board lot of 200 H Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.**

The International Underwriters 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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus 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 in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **www.biostar-pharm.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon

by the Overall Coordinators and our Company, will be fixed within such revised Offer Price Range. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

The final Offer Price, 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 allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. PUBLICATION OF RESULTS" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinators and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company on or before Tuesday, October 29, 2024, the Global Offering will not proceed and will lapse.

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 dates and times 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 by our Company on the websites of our Company and the Stock Exchange at **www.biostar-pharm.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, 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 — 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Thursday, October 31, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, October 31, 2024, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, October 31, 2024.

The H Shares will be traded in board lots of 200 H Shares each and the stock code of the H Shares will be 2563.

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.biostar-pharm.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, 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 Wednesday, October 23, 2024 and end at 12:00 noon on Monday, October 28, 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**	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, October 23, 2024 to 11:30 a.m. on Monday, October 28, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Monday, October 28, 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	Investors who would not like to receive a physical 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 payment 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 **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

For Individual/Joint Applicants

- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- 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

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.

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 shares in a Hong Kong public offer. 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 in accordance with market practice.

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 **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, 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	:	200 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 maximum Offer Price is HK$22.0 per Share. If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund 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 final 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 maximum 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$*
200	4,444.38	3,000	66,665.61	40,000	888,874.80	300,000	6,666,561.00
400	8,888.75	4,000	88,887.48	50,000	1,111,093.50	350,000	7,777,654.50
600	13,333.13	5,000	111,109.36	60,000	1,333,312.20	400,000	8,888,748.00
800	17,777.50	6,000	133,331.22	70,000	1,555,530.90	450,000	9,999,841.50
1,000	22,221.86	7,000	155,553.09	80,000	1,777,749.60	500,000	11,110,935.00
1,200	26,666.24	8,000	177,774.95	90,000	1,999,968.30	550,000	12,222,028.50
1,400	31,110.62	9,000	199,996.84	100,000	2,222,187.00	600,000	13,333,122.00
1,600	35,554.99	10,000	222,218.70	150,000	3,333,280.50	650,000	14,444,215.50
1,800	39,999.37	20,000	444,437.40	200,000	4,444,374.00	700,000	15,555,309.00
2,000	44,443.75	30,000	666,656.10	250,000	5,555,467.50	729,400[1]	16,208,631.97

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

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Hong Kong 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 Hong Kong 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.

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. Applications 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.

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 authorise 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, 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 Joint Sponsors, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Hong Kong Public Offering (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 anyone 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 **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 Wednesday, October 30, 2024 to 12:00 midnight on Tuesday, November 5, 2024 (Hong Kong time)
	The full list and information 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.biostar-pharm.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Wednesday, October 30, 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 Thursday, October 31, 2024 to Tuesday, November 5, 2024 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, October 29, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, October 29, 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 the results of the final Offer Price, the level of indications of interest in the Share Offer, 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.biostar-pharm.com** by no later than 11:00 p.m. on Wednesday, October 30, 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. Applications 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 International 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 SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one 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 Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Thursday, October 31, 2024 (Hong Kong time), provided that the Share Offer 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 Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any 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 Share certificate[1]		
For physical share certificates of 500,000 or more Offer Shares issued under your own name .	Collection in person at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong **Time:** from 9:00 a.m. to 1:00 p.m. on Thursday, October 31, 2024 (Hong Kong time) If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar **Note:** If you do not collect your 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	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
For physical share certificates of less than 500,000 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: Wednesday, October 30, 2024	

	White Form eIPO service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Thursday, October 31, 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	

1. Except in the event of a No. 8 typhoon warning signal or above, a black rainstorm warning signal and/or an "extreme conditions" as announced by the Hong Kong Government in the morning on Wednesday, October 30, 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. Bad Weather Arrangements" in this section.

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Monday, October 28, 2024 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, October 28, 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 **Bad** 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.biostar-pharm.com** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Wednesday, October 30, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Thursday, October 31, 2024.

If a **Bad** Weather Signal is hoisted on Wednesday, October 30, 2024, for physical share certificates of less than 500,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, October 30, 2024 or on Thursday, October 31, 2024).

If a **Bad** Weather Signal is hoisted on Thursday, October 31, 2024, physical share certificates of 500,000 Offer Shares or more issued under your own name, you may pick them up from the H Share Registrar 's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, October 31, 2024 or on Friday, November 1, 2024.)

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the 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 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 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 fulfil 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 set out on pages I-1 to I-59, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING BIOSTAR PHARMACEUTICALS CO., LTD., CCB INTERNATIONAL CAPITAL LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Beijing Biostar Pharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and May 31, 2024 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and the five months ended May 31, 2024 (the "Track Record Period"), 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-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 23, 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2022, 2023 and May 31, 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended May 31, 2023 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 25(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
October 23, 2024

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Chengdu Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in RMB)

	Note	Year ended December 31,		Five months ended May 31,	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	32,820	66,635	27,047	28,564
Cost of sales		(8,940)	(19,810)	(8,712)	(4,269)
Gross profit		23,880	46,825	18,335	24,295
Other net income	*5*	51,376	31,694	14,758	11,436
Selling and distribution expenses		(97,910)	(95,397)	(42,672)	(29,278)
Administrative expenses		(51,501)	(43,900)	(16,078)	(19,941)
Research and development expenses		(82,739)	(126,537)	(58,180)	(43,825)
(Impairment loss)/reversal of impairment loss on trade and other receivables		(1,211)	1,284	711	(22)
Other operating expenses		(2,335)	(3,556)	(274)	(93)
Loss from operations		(160,440)	(189,587)	(83,400)	(57,428)
Finance costs	*6(a)*	(71)	(57)	(29)	(25)
Loss before taxation	*6*	(160,511)	(189,644)	(83,429)	(57,453)
Income tax	*7(a)*	—	—	—	—
Loss for the year/period attributable to equity shareholders of the Company		(160,511)	(189,644)	(83,429)	(57,453)
Loss per share	*10*				
Basic and diluted		(0.46)	(0.54)	(0.24)	(0.16)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss for the year/period	(160,511)	(189,644)	(83,429)	(57,453)
Other comprehensive income for the year/period (with nil tax effect)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of an overseas subsidiary	(826)	476	481	107
Total comprehensive income for the year/period attributable to equity shareholders of the Company	(161,337)	(189,168)	(82,948)	(57,346)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31, 2022	As at December 31, 2023	As at May 31, 2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	102,902	122,710	148,254
Right-of-use assets	*12*	14,862	13,477	14,391
Intangible assets	*13*	2,832	1,627	1,125
Rental deposits		1,072	1,000	1,042
		121,668	138,814	164,812
Current assets				
Inventories	*14*	31,109	27,267	31,161
Trade and other receivables	*15(a)*	38,950	15,947	17,727
Prepayments	*16*	5,348	14,300	13,557
Financial assets measured at fair value through profit or loss ("FVPL")	*17*	444,991	235,611	130,216
Fixed deposits with banks	*18(a)*	224,166	302,318	338,958
Cash and cash equivalents	*18(a)*	60,106	38,087	35,927
		804,670	633,530	567,546
Current liabilities				
Trade and other payables	*19*	39,608	42,987	54,346
Amounts due to related parties	*28(d)*	188	24	9
Provision	*24*	10,838	—	—
Lease liabilities	*20*	1,091	732	1,445
		51,725	43,743	55,800
Net current assets		752,945	589,787	511,746
Total assets less current liabilities		874,613	728,601	676,558
Non-current liabilities				
Lease liabilities	*20*	813	167	763
Deferred income	*21*	1,525	820	589
Other payables	*19*	4,350	4,453	4,692
		6,688	5,440	6,044
NET ASSETS		867,925	723,161	670,514
CAPITAL AND RESERVES				
Share capital	*25(c)*	350,000	350,000	350,000
Reserves		517,925	373,161	320,514
TOTAL EQUITY		867,925	723,161	670,514

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31, 2022	As at December 31, 2023	As at May 31, 2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		910	832	796
Right-of-use assets	*12*	2,048	966	2,006
Intangible assets	*13*	2,493	1,343	865
Investments in subsidiaries	*1(b)*	472,676	504,311	506,202
Rental deposits		729	729	729
Amounts due from related parties		—	453,341	458,015
		478,856	961,522	968,613
Current assets				
Other receivables	*15(a)*	1,018	2,017	2,522
Prepayments	*16*	3,499	8,102	6,906
Amounts due from related parties		300,949	—	—
Financial assets measured at FVPL	*17*	259,105	50,099	25,000
Fixed deposits with banks	*18(a)*	224,165	238,575	239,781
Cash and cash equivalents	*18(a)*	21,388	28,640	22,688
		810,124	327,433	296,897
Current liabilities				
Trade and other payables	*19*	15,211	15,579	8,872
Amounts due to related parties		113	—	—
Lease liabilities	*20*	1,091	732	1,445
		16,415	16,311	10,317
Net current assets		793,709	311,122	286,580
Total assets less current liabilities		1,272,565	1,272,644	1,255,193
Non-current liabilities				
Lease liabilities	*20*	813	167	763
		813	167	763
NET ASSETS		1,271,752	1,272,477	1,254,430
CAPITAL AND RESERVES				
Share capital	*25(c)*	350,000	350,000	350,000
Reserves		921,752	922,477	904,430
TOTAL EQUITY		1,271,752	1,272,477	1,254,430

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Share capital	Capital reserves	Exchange reserve	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022		350,000	972,053	—	(378,187)	943,866
Changes in equity for 2022						
Loss for the year		—	—	—	(160,511)	(160,511)
Exchange differences on translation of financial statements of an overseas subsidiary		—	—	(826)	—	(826)
Total comprehensive income		—	—	(826)	(160,511)	(161,337)
Equity-settled share-based payment	*22(d)*	—	80,736	—	—	80,736
Consideration received for restricted share units ("RSUs") granted by the Company		—	4,660	—	—	4,660
Balance at December 31, 2022		350,000	1,057,449	(826)	(538,698)	867,925
Balance at January 1, 2023		350,000	1,057,449	(826)	(538,698)	867,925
Changes in equity for 2023						
Loss for the year		—	—	—	(189,644)	(189,644)
Exchange differences on translation of financial statements of an overseas subsidiary		—	—	476	—	476
Total comprehensive income		—	—	476	(189,644)	(189,168)
Equity-settled share-based payment	*22(d)*	—	44,404	—	—	44,404
Balance at December 31, 2023		350,000	1,101,853	(350)	(728,342)	723,161

	Note	Share capital	Capital reserves	Exchange reserve	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)						
Balance at January 1, 2023		350,000	1,057,449	(826)	(538,698)	867,925
Changes in equity for the five months ended May 31, 2023						
Loss for the period		—	—	—	(83,429)	(83,429)
Exchange differences on translation of financial statements of an overseas subsidiary		—	—	481	—	481
Total comprehensive income		—	—	481	(83,429)	(82,948)
Equity-settled share-based payment	*22(d)*	—	24,426	—	—	24,426
Balance at May 31, 2023		350,000	1,081,875	(345)	(622,127)	809,403
Balance at January 1, 2024		350,000	1,101,853	(350)	(728,342)	723,161
Changes in equity for the five months ended May 31, 2024						
Loss for the period		—	—	—	(57,453)	(57,453)
Exchange differences on translation of financial statements of an overseas subsidiary		—	—	107	—	107
Total comprehensive income		—	—	107	(57,453)	(57,346)
Equity-settled share-based payment	*22(d)*	—	4,699	—	—	4,699
Balance at May 31, 2024		350,000	1,106,552	(243)	(785,795)	670,514

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended December 31,		Five months ended May 31,	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Net cash used in operating activities	*18(b)*	(79,438)	(149,332)	(69,053)	(51,014)
Investing activities					
Payment for the purchase of property, plant and equipment		(31,861)	(27,840)	(9,735)	(28,760)
Payment for the addition of intangible assets		(817)	—	—	—
Payment for investment in financial assets measured at FVPL	*26(e)*	(717,000)	(535,000)	(85,000)	(210,000)
Proceeds from redemption of financial assets measured at FVPL		819,814	753,477	265,742	317,483
Placement of fixed deposits with banks		(250,632)	(435,801)	(150,440)	(212,686)
Proceeds from redemption of fixed deposits with banks		33,708	374,993	117,734	183,198
Net cash (used in)/generated from investing activities		(146,788)	129,829	138,301	49,235
Financing activities					
Proceeds of net advances from a related party	*18(c)*	70	—	—	9
Repayment of net advances to a related party	*18(c)*	—	(68)	(68)	—
Capital element of lease rentals paid	*18(c)*	(1,126)	(1,005)	(269)	(194)
Interest element of lease rentals paid	*18(c)*	(71)	(57)	(29)	(25)
Consideration received for RSUs granted by the Company		4,660	—	—	—
Net cash generated from/(used in) financing activities		3,533	(1,130)	(366)	(210)
(Decrease)/increase in cash and cash equivalents		(222,693)	(20,633)	68,882	(1,989)
Cash and cash equivalents at January 1	*18(a)*	268,415	60,106	60,106	38,087
Effect of foreign exchange rate changes		14,384	(1,386)	(3,198)	(171)
Cash and cash equivalents at December 31/May 31	*18(a)*	60,106	38,087	125,790	35,927

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise stated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

(a) General Information

Beijing Biostar Pharmaceuticals Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on July 11, 2002 as a limited liability company under the Companies Law of the PRC and was converted from a limited liability company into a joint stock company with limited liability on May 8, 2021.

The Company and its subsidiaries (together as the "Group") are principally engaged in the research and development ("R&D"), manufacturing and sale of innovative drugs.

The financial statements of the Company for the year ended December 31, 2022 have been audited by KPMG Huazhen LLP. As at the date of this report, no audited financial statements have been prepared for the Company for the year ended December 31, 2023 and the five months ended May 31, 2024.

(b) Subsidiaries

As at May 31, 2024, the Company has direct interests in its subsidiaries, all of which are private limited liability companies and the particulars of which are set out below:

Company name	Place and date of incorporation/ establishment/ operation	Particulars of issued and paid-in capital	Proportion of ownership interest directly held by the Company	Principal activities
Chengdu Biostar Pharmaceuticals Co., Ltd. 成都華昊中天藥業有限公司 *(notes (i) and (ii))*	the PRC/ January 26, 2015	RMB200,000,000/ RMB200,000,000	100%	Pharmaceutical production, research and development, and sales and marketing of pharmaceutical products
Biostar Pharma, Inc. *(note (ii))*	the United States of America (the "USA")/ April 27, 2022	USD4,000,000/ USD4,000,000	100%	Pharmaceutical research and development

Notes:

(i) The entity is a limited liability company under the law of the PRC. The official name of the entity is in Chinese. The English translation of the name is for reference only.

(ii) No audited financial statements have been prepared.

All companies comprising the Group have adopted December 31 as their financial year end date.

(c) Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period ended May 31, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended May 31, 2024 are set out in Note 30.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except those assets and liabilities are stated at their fair value as explained in the accounting policies set out below.

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments

The Group's policies for investments, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(q)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value through profit or loss if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(h)(ii)).

If significant parts if an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives and residual value rates for the reporting periods are as follows:

	estimated useful lives	residual value rate
— Buildings	20 years	5%
— Machinery and equipment	5–10 years	5–10%
— Vehicles	4–5 years	5–10%
— Furniture, fixtures and others	3–5 years	5–10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents plant and buildings under construction and equipment pending installation and is stated at cost less impairment losses (see Note 2(h)(ii)). Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

(f) Intangible assets

Intangible assets, including intellectual properties and softwares, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(h)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the reporting periods based on the Group's past experiences and different purposes of usage of the assets and the authorised period for such usage are as follows:

— Intellectual properties	2.75–12 years
— Softwares	3–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)). The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the borrower will enter into bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

Cost is calculated using the first in first out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Low value consumables, packaging materials, and other turnover materials are amortised using the one-time amortisation method and included in the cost of relevant assets or current profit and loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(q)(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable would also be recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(q)(ii)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs (see Note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements (i.e. restricted shares) granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) Income tax

Income tax comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(q) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes.

Revenue from sales of goods

The Group recognises revenue of the sales contract between the Group and its customers at a point in time when the customer obtains control of the relevant goods. The Group fulfils its performance obligations in accordance with the provisions of the contract. Generally, when the product is transported to the location designated by the sales customer and accepted by the customer, control of the product is deemed to have been transferred to the customer, and the Group recognises revenue accordingly.

Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. Unless special approval granted, the Group generally provides credit terms to customers within 90 days upon customer acceptance.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss over the useful life of the assets.

(r) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to non-controlling interests.

(s) Research and development expenses

Research and development expenses comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Research and development expenses

Development expenses incurred on the Group's pipelines are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development.

Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. During the reporting periods, the Group's development expenditures incurred did not meet these capitalisation principles for any products and were expensed as incurred.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(b) Sources of estimation uncertainty

Note 22 contains information about the assumptions relating to equity-settled share-based transactions. Other significant sources of estimation uncertainty are as follows:

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded during the reporting periods. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activity of the Group is R&D, manufacturing and sale of innovative drugs.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15				
Sales of goods	32,820	66,635	27,047	28,564

During the Track Record Period, the Group recognised its revenue from contracts with customers at a point in time in accordance with the accounting policies as set forth in Note 2(q).

The Group's customer base includes three, one, one (unaudited) and nil customers with whom transactions have exceeded 10% of the Group's revenues for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024 respectively. Revenues from these customers amounted to approximately RMB16,170,000, RMB8,047,000, RMB6,263,000 (unaudited) and nil for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024 respectively, details of concentrations of credit risk arising from these customers are set out in Note 26(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2022, 2023 and May 31, 2024, there is no remaining performance obligation under the Group's existing contracts.

(b) Segment reporting

(i) Segment information

The Group manages its businesses as a whole in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

Accordingly, no reportable segment information is presented.

(ii) Geographic information

No geographical information is presented as the revenue and loss from operations of the Group are substantially derived from activities in the PRC and all of its non-current assets and capital expenditure are located/incurred in the PRC.

5 OTHER NET INCOME

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income from bank deposits	3,341	13,138	5,120	6,653
Net foreign exchange gains	19,602	4,652	1,605	1,074
Government grants *(Note (i))*	10,467	4,586	511	1,531
Net realised and unrealised gains on investments in financial assets measured at FVPL	10,848	9,097	7,521	2,088
Compensation from suppliers	7,010	220	—	90
Others	108	1	1	—
	51,376	31,694	14,758	11,436

Note:

(i) Government grants mainly include rewards received from local governments for the Group's IPO application and grants received to encourage the Group for talent introduction and innovation. There are no unfulfilled conditions attaching to these government grants.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expenses on lease liabilities *(Note 18(c))*	71	57	29	25

(b) Staff costs

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages, bonuses and other benefits	63,412	69,624	23,585	26,960
Contributions to defined contribution retirement plan	5,247	6,291	2,557	3,112
Equity-settled share-based payment expenses* *(Note 22(d))*	80,736	44,404	24,426	4,699
	149,395	120,319	50,568	34,771

* For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, equity-settled share-based payment expenses include RMB2,315,000, RMB1,187,000, RMB418,000 (unaudited) and RMB262,000 respectively recognised in inventories.

(c) Other items

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation charge				
— property, plant and equipment *(Note 11)*	7,962	8,032	3,485	3,216
— right-of-use assets *(Note 12)*	1,364	1,385	577	589
Amortisation charge of intangible assets *(Note 13)*	1,176	1,205	311	502
Listing expenses	—	5,409	—	9,062
Research and development expenses*	82,739	126,537	58,180	43,825
Cost of inventories# *(Note 14)*	4,394	15,819	6,864	3,161

* For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, research and development expenses include RMB42,601,000, RMB36,705,000, RMB15,364,000 (unaudited) and RMB11,522,000 respectively relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each types of these expenses.

\# For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, cost of inventories includes RMB4,038,000, RMB13,224,000, RMB4,714,000 (unaudited) and RMB1,877,000 respectively relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each types of these expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

(i) PRC Corporate Income Tax

Effective from January 1, 2008, the PRC statutory income tax rate is 25% under the PRC Corporate Income Tax Law. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

According to the PRC Corporate Income Tax Law and its relevant regulations, entities qualified as a high-technology enterprise ("HNTE") are entitled to a preferential income tax rate of 15%. The Company obtained its certificate of HNTE on December 17, 2021, with a validity period of three years. The Company is entitled to a preferential income tax rate of 15% during the Track Record Period.

According to Announcement No. 23 of the Ministry of Finance in 2020, from January 1, 2021 to December 31, 2030, enterprise income tax will be levied at a reduced rate of 15% on encouraged industrial enterprises located in the western region ("Western Development"). Encouraged industrial enterprises refer to those listed in the Catalogue of Encouraged Industries in the Western Region. The industrial projects specified in the regulations are mainly engaged in business, and their main business income accounts for more than 70% of the total revenue of the enterprise. The Group's subsidiary in the PRC applies a preferential income tax rate of 15% for the Western Development during the Track Record Period.

(ii) USA Corporate Income Tax

Pursuant to the income tax rules and regulations of the United States, the Group's subsidiary in the United States was liable to United States federal income tax determined by income ranges and state income tax for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024. The Group's subsidiary in the United States did not have assessable profits during the Track Record Period.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	Year ended December 31,		Five months ended May 31,	
	2022	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before taxation	(160,511)	(189,644)	(83,429)	(57,453)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	(40,128)	(47,411)	(20,857)	(14,364)
Effect of preferential income tax rates	16,052	18,964	8,343	5,745
Tax effect of non-deductible expenses	4,277	791	192	259
Tax effect of unused tax losses not recognised	26,320	37,702	18,594	12,998
Tax effect of bonus deduction for research and development expenses *(note (i))*	(6,521)	(10,046)	(6,272)	(4,638)
Actual tax expense	—	—	—	—

(i) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax laws and its relevant regulations.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments are as follows:

	Year ended December 31, 2022					
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Mrs. Tang Li (唐莉)	—	1,305	298	—	42,615	44,218
Mr. Qiu Rongguo (邱榮國)	—	1,297	300	—	—	1,597
Mr. Nie Xiuqing (聶秀清) (resigned in March 2022)	—	428	—	15	3,548	3,991
Mr. Xie Heng (謝恆) (appointed in March 2022)	—	2,227	486	—	2,923	5,636
Mr. Zhang Cheng (張成)	—	567	119	17	3,276	3,979
Independent Non-executive Directors						
Ms. Li Xinyu (李心愉) (resigned in March 2022)	25	—	—	—	—	25
Mr. Wang Lixin (王立新)	100	—	—	—	—	100
Mr. Meng Songdong (孟頌東) (appointed in March 2022)	75	—	—	—	—	75
Ms. Xv Yanfang (許艷芳) (appointed in March 2022)	75	—	—	—	—	75
Non-executive Directors						
Mr. Zhu Pai (朱湃)	—	—	—	—	—	—
Mr. Li Yupeng (李宇鵬)	—	—	—	—	—	—
Supervisors						
Mr. Zhang Shufeng (張樹豐)	—	—	—	—	—	—
Ms. Zhou Quan (周荃)	—	247	31	13	305	596
Mr. Kong Rixiang (孔日祥)	—	446	87	26	3,276	3,835
	275	6,517	1,321	71	55,943	64,127

	Year ended December 31, 2023					
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Mrs. Tang Li (唐莉)	—	1,622	294	—	18,488	20,404
Mr. Qiu Rongguo (邱榮國)	—	1,604	296	—	—	1,900
Mr. Xie Heng (謝恆) (resigned in March 2023) *(Note (ii))*	—	535	234	—	—	769
Mr. Zhang Cheng (張成)	—	594	141	41	4,279	5,055
Mr. Guan Jin (關津) (appointed in March 2023)	—	977	287	128	517	1,909
Independent Non-executive Directors						
Mr. Wang Lixin (王立新)	150	—	—	—	—	150
Mr. Meng Songdong (孟頌東)	150	—	—	—	—	150
Ms. Xv Yanfang (許艷芳) (resigned in December 2023)	150	—	—	—	—	150
Mr. Ran Dong (冉棟) (appointed in December 2023)	—	—	—	—	—	—
Non-executive Directors						
Mr. Zhu Pai (朱湃)	—	—	—	—	—	—
Mr. Li Yupeng (李宇鵬) (resigned in December 2023)	—	—	—	—	—	—
Mr. Tang Jin (唐進) (appointed in December 2023) *(Notes (i))*	—	246	80	—	4,279	4,605
Supervisors						
Mr. Zhang Shufeng (張樹豐)	—	—	—	—	—	—
Ms. Zhou Quan (周荃)	—	254	34	34	116	438
Mr. Kong Rixiang (孔日祥)	—	398	77	128	4,279	4,882
	450	6,230	1,443	331	31,958	40,412

	Five months ended May 31, 2023 (unaudited)					
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Mrs. Tang Li (唐莉)	—	622	123	—	15,559	16,304
Mr. Qiu Rongguo (邱榮國)	—	616	123	—	—	739
Mr. Xie Heng (謝恆) (resigned in March 2023) *(Note (ii))*	—	535	234	—	—	769
Mr. Zhang Cheng (張成)	—	221	59	17	1,466	1,763
Mr. Guan Jin (關津) (appointed in March 2023)	—	415	86	26	52	579
Independent Non-executive Directors						
Mr. Wang Lixin (王立新)	63	—	—	—	—	63
Mr. Meng Songdong (孟頌東)	63	—	—	—	—	63
Ms. Xv Yanfang (許艷芳)	63	—	—	—	—	63
Non-executive Directors						
Mr. Zhu Pai (朱湃)	—	—	—	—	—	—
Mr. Li Yupeng (李宇鵬)	—	—	—	—	—	—
Supervisors						
Mr. Zhang Shufeng (張樹豐)	—	—	—	—	—	—
Ms. Zhou Quan (周荃)	—	101	14	12	48	175
Mr. Kong Rixiang (孔日祥)	—	184	32	26	1,466	1,708
	189	2,694	671	81	18,591	22,226

	Five months ended May 31, 2024					
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Mrs. Tang Li (唐莉)	—	748	146	—	1,398	2,292
Mr. Qiu Rongguo (邱榮國)	—	738	144	—	—	882
Mr. Zhang Cheng (張成)	—	233	63	18	—	314
Mr. Guan Jin (關津)	—	456	129	28	767	1,380
Independent Non-executive Directors						
Mr. Wang Lixin (王立新)	38	—	—	—	—	38
Mr. Meng Songdong (孟頌東)	38	—	—	—	—	38
Mr. Ran Dong (冉棟)	38	—	—	—	—	38
Non-executive Directors						
Mr. Zhu Pai (朱湃)	—	—	—	—	—	—
Mr. Tang Jin (唐進)	—	106	36	—	—	142
Supervisors						
Mr. Zhang Shufeng (張樹豐)	—	—	—	—	—	—
Ms. Zhou Quan (周荃)	—	109	15	16	108	248
Mr. Kong Rixiang (孔日祥)	—	197	35	28	—	260
	114	2,587	568	90	2,273	5,632

Notes:

(i) Mr. Tang Jin was appointed as non-executive director of the Group in December 2023 and his emoluments disclosed above represented the compensation for his services to provide guidance and advice on the human resources and administrative matters to the board of directors.

(ii) The RSUs granted to Mr. Xie Heng in 2022 were forfeited when he resigned in March 2023.

(iii) During the Track Record Period, no director has waived or agreed to waive any emoluments and no emoluments were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, of five individuals with the highest emoluments, five, three, three (unaudited), and three respectively are directors whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	—	935	332	762
Discretionary bonuses	—	194	81	99
Share-based payments	—	8,558	2,931	1,275
Retirement scheme contributions	—	83	51	69
	—	9,770	3,395	2,205

The emoluments of the remaining individuals with the highest emoluments are within the following bands:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	Number of individuals	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
HKD500,001 – HKD1,000,000	—	—	—	1
HKD1,500,001 – HKD2,000,000	—	—	2	1
HKD5,000,001 – HKD5,500,000	—	1	—	—
HKD5,500,001 – HKD6,000,000	—	1	—	—

During the Track Record Period, no emoluments were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the reporting periods, calculated as follows.

(i) Loss attributable to ordinary equity shareholders of the Company used in basic loss per share calculation:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss for the year attributable to ordinary equity shareholders of the Company for the purpose of basic loss per share	(160,511)	(189,644)	(83,429)	(57,453)

(ii) ***Weighted average number of ordinary shares***

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	'000	*'000*	*'000* (unaudited)	*'000*
Issued ordinary shares at January 1 and weighted average number of ordinary shares at December 31/ May 31	350,000	350,000	350,000	350,000

(b) Diluted loss per share

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, the Company did not have any outstanding ordinary shares or potential ordinary shares with potential dilution effects. Therefore, diluted loss per share is the same as basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Furniture, fixtures and others	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At January 1, 2022	67,927	21,880	15,324	1,348	2,049	108,528
Purchases	1,953	—	2,512	—	28,157	32,622
Transfer from construction in progress	2,810	—	409	—	(3,219)	—
At December 31, 2022 and January 1, 2023	72,690	21,880	18,245	1,348	26,987	141,150
Purchases	317	—	286	—	27,237	27,840
Transfer from construction in progress	390	76	1,027	—	(1,493)	—
Transfer to construction in progress	(637)	—	—	—	637	—
At December 31, 2023 and January 1, 2024	72,760	21,956	19,558	1,348	53,368	168,990
Purchases	—	—	235	—	28,525	28,760
Transfer from construction in progress	2,090	—	—	—	(2,090)	—
At May 31, 2024	74,850	21,956	19,793	1,348	79,803	197,750
Accumulated depreciation						
At January 1, 2022	(11,252)	(9,433)	(8,369)	(1,232)	—	(30,286)
Charge for the year	(3,325)	(1,796)	(2,841)	—	—	(7,962)
At December 31, 2022 and January 1, 2023	(14,577)	(11,229)	(11,210)	(1,232)	—	(38,248)
Charge for the year	(3,506)	(1,803)	(2,723)	—	—	(8,032)
Transfer to construction in progress	166	—	—	—	(166)	—
At December 31, 2023 and January 1, 2024	(17,917)	(13,032)	(13,933)	(1,232)	(166)	(46,280)
Charge for the period	(1,491)	(751)	(974)	—	—	(3,216)
At May 31, 2024	(19,408)	(13,783)	(14,907)	(1,232)	(166)	(49,496)
Net book value:						
At May 31, 2024	55,442	8,173	4,886	116	79,637	148,254
At December 31, 2023	54,843	8,924	5,625	116	53,202	122,710
At December 31, 2022	58,113	10,651	7,035	116	26,987	102,902

12 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

The Group

	Note	As at December 31, 2022 RMB'000	As at December 31, 2023 RMB'000	As at May 31, 2024 RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost in the PRC, with remaining lease term of:				
— between 10 and 50 years	*(i)*	12,814	12,511	12,385
Other properties leased for own use, carried at depreciated cost		2,048	966	2,006
		14,862	13,477	14,391

The Company

	As at December 31, 2022 RMB'000	As at December 31, 2023 RMB'000	As at May 31, 2024 RMB'000
Other properties leased for own use, carried at depreciated cost	2,048	966	2,006

The analysis of expense items in relation to leases recognised in the consolidated financial statements is as follows:

	Year ended December 31, 2022 RMB'000	Year ended December 31, 2023 RMB'000	Five months ended May 31, 2023 RMB'000 (unaudited)	Five months ended May 31, 2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:				
Ownership interests in leasehold land	303	303	126	126
Other properties leased for own use	1,061	1,082	451	463
	1,364	1,385	577	589
Interest expenses on lease liabilities *(Note 6(a))*	71	57	29	25
Expense relating to short-term leases	490	445	173	178

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, additions to right-of-use assets were RMB1,886,000, nil, nil (unaudited) and RMB1,503,000 respectively. These amounts are all related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 26(b), respectively.

(i) Ownership interests in leasehold land held for own use

Interests in leasehold land held for own use represent payments for land use rights of land located in Chinese Mainland where the Group's plants situate. Lump sum payments were made upfront and there are no ongoing payments to be made under the terms of the land lease in Chinese Mainland.

13 INTANGIBLE ASSETS

The Group

	Intellectual properties	Softwares	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2022	3,322	301	3,623
Addition	628	189	817
At December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024 and May 31, 2024	3,950	490	4,440
Accumulated amortisation:			
At January 1, 2022	(378)	(54)	(432)
Charge for the year	(1,133)	(43)	(1,176)
At December 31, 2022 and January 1, 2023	(1,511)	(97)	(1,608)
Charge for the year	(1,142)	(63)	(1,205)
At December 31, 2023 and January 1, 2024	(2,653)	(160)	(2,813)
Charge for the period	(476)	(26)	(502)
At May 31, 2024	(3,129)	(186)	(3,315)
Net book value:			
At May 31, 2024	821	304	1,125
At December 31, 2023	1,297	330	1,627
At December 31, 2022	2,439	393	2,832

The Company

	Intellectual properties	Softwares	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2022	3,322	76	3,398
Addition	628	—	628
At December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024 and May 31, 2024	3,950	76	4,026
Accumulated amortisation:			
At January 1, 2022	(378)	(15)	(393)
Charge for the year	(1,133)	(7)	(1,140)
At December 31, 2022 and January 1, 2023	(1,511)	(22)	(1,533)
Charge for the year	(1,142)	(8)	(1,150)
At December 31, 2023 and January 1, 2024	(2,653)	(30)	(2,683)
Charge for the period	(475)	(3)	(478)
At May 31, 2024	(3,128)	(33)	(3,161)
Net book value:			
At May 31, 2024	822	43	865
At December 31, 2023	1,297	46	1,343
At December 31, 2022	2,439	54	2,493

14 INVENTORIES

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	4,755	5,252	5,600
Goods in progress	23,709	21,511	22,677
Finished goods	2,370	504	2,884
Goods in transit	275	—	—
	31,109	27,267	31,161

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Carrying amount of inventories sold	4,397	15,046	6,854	3,161
Write-down of inventories	—	773	10	—
Reversal of write-down of inventories	(3)	—	—	—
	4,394	15,819	6,864	3,161

15 TRADE RECEIVABLES AND OTHER RECEIVABLES

(a) Trade and other receivables

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	34,620	11,159	12,946
Other receivables	450	496	415
Value Added Tax ("VAT") recoverable	3,880	4,292	4,366
	38,950	15,947	17,727

The Company

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other receivables	137	61	80
VAT recoverable	881	1,956	2,442
	1,018	2,017	2,522

(b) Ageing analysis

As at December 31, 2022 and 2023 and May 31, 2024, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months (inclusive)	9,564	7,699	11,565
Over 3 months and less than one year	25,056	3,460	1,381
	34,620	11,159	12,946

Unless otherwise approved, trade receivables are due within 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 26(a).

16 PREPAYMENTS

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for:			
— research and development service	4,370	12,814	9,479
— listing expense	—	849	1,504
— others	978	637	2,574
	5,348	14,300	13,557

The Company

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for:			
— research and development service	3,017	7,105	5,043
— listing expense	—	849	1,504
— others	482	148	359
	3,499	8,102	6,906

17 FINANCIAL ASSETS MEASURED AT FVPL

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets measured at FVPL — current			
— Wealth management products and structured deposits issued by banks	444,991	235,611	130,216

The Company

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets measured at FVPL — current			
— Wealth management products and structured deposits issued by banks	259,105	50,099	25,000

The current balances of financial assets measured at FVPL represent wealth management products and structured deposits issued by various banks in the PRC with a floating return which will be paid together with the principal on the maturity date.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 26(e).

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	Note	As at December 31, 2022	As at December 31, 2023	As at May 31, 2024
		RMB'000	*RMB'000*	*RMB'000*
Cash at bank		284,272	340,405	374,885
Less: fixed deposits with banks	*(i)*	(224,166)	(302,318)	(338,958)
Cash and cash equivalents in the consolidated statements of financial position		60,106	38,087	35,927

The Company

	As at December 31, 2022	As at December 31, 2023	As at May 31, 2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	245,553	267,215	262,469
Less: fixed deposits with banks	(224,165)	(238,575)	(239,781)
Cash and cash equivalents in the statements of financial position	21,388	28,640	22,688

(i) Fixed deposits with banks

As at December 31, 2022 and 2023 and May 31, 2024, fixed deposits with banks held by the Group include a principal amount of USD31,800,000 (equivalent to RMB221,474,000) and USD41,780,000 (equivalent to RMB295,915,000), USD41,731,000 (equivalent to RMB296,659,000) respectively intended to be held at maturity exceeding three months from the date of acquisition, and accrued interest receivable based on the effective interest rate method.

Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Reconciliation of loss before taxation to net cash used in operating activities:

	Note	Year ended December 31,		Five months ended May 31,	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before taxation		(160,511)	(189,644)	(83,429)	(57,453)
Adjustments for:					
Write-down of inventories	*14*	—	773	10	—
Impairment loss/(reversal of impairment loss) on trade and other receivables		1,211	(1,284)	(711)	22
Depreciation of property, plant and equipment	*11*	7,962	8,032	3,485	3,216
Depreciation of right-of-use assets	*12*	1,364	1,385	577	589
Amortisation of intangible assets	*13*	1,176	1,205	311	502
Finance costs	*6(a)*	71	57	29	25
Net realised and unrealised gains on investments in financial assets measured at FVPL	*5*	(10,848)	(9,097)	(7,521)	(2,088)
Interest income from fixed deposits with banks		(2,849)	(11,692)	(3,612)	(5,931)
Equity-settled share-based payment expenses	*22(d)*	80,736	44,404	24,426	4,699
Net foreign exchange gains	*5*	(19,602)	(4,652)	(1,605)	(1,074)
Cash used in operations before changes in working capital		(101,290)	(160,513)	(68,040)	(57,493)
Changes in working capital:					
(Increase)/decrease in inventories		(8,442)	3,069	2,480	(3,894)
(Increase)/decrease in trade and other receivables		(6,902)	25,221	19,718	(1,713)
(Increase)/decrease in prepayments		(340)	(8,952)	(11,941)	743
Increase/(decrease) in trade and other payables		28,232	3,386	(322)	11,574
Increase/(decrease) in provision		10,838	(10,838)	(10,602)	—
Decrease in deferred income		(1,534)	(705)	(346)	(231)
Net cash used in operating activities		(79,438)	(149,332)	(69,053)	(51,014)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Other payables	Lease liabilities	Total
	RMB'000	*RMB'000 (Note 20)*	*RMB'000*
At January 1, 2022	—	1,144	1,144
Changes from financing cash flows:			
Proceeds of net advances from a related party	70	—	70
Capital element of lease rentals paid	—	(1,126)	(1,126)
Interest element of lease rentals paid	—	(71)	(71)
Total changes from financing cash flows	70	(1,197)	(1,127)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	1,886	1,886
Interest expenses *(Note 6(a))*	—	71	71
Total other changes	—	1,957	1,957
At December 31, 2022	70	1,904	1,974

	Other payables	Lease liabilities	Total
	RMB'000	*RMB'000 (Note 20)*	*RMB'000*
At January 1, 2023	70	1,904	1,974
Changes from financing cash flows:			
Repayment of net advances to a related party	(68)	—	(68)
Capital element of lease rentals paid	—	(1,005)	(1,005)
Interest element of lease rentals paid	—	(57)	(57)
Total changes from financing cash flows	(68)	(1,062)	(1,130)
Exchange adjustments	(2)	—	(2)
Other changes:			
Interest expenses *(Note 6(a))*	—	57	57
Total other changes	—	57	57
At December 31, 2023	—	899	899

	Other payables	Lease liabilities	Total
	RMB'000	*RMB'000 (Note 20)*	*RMB'000*
(Unaudited)			
At January 1, 2023	70	1,904	1,974
Changes from financing cash flows:			
Repayment of net advances to a related party	(68)	—	(68)
Capital element of lease rentals paid	—	(269)	(269)
Interest element of lease rentals paid	—	(29)	(29)
Total changes from financing cash flows	(68)	(298)	(366)
Other changes:			
Interest expenses *(Note 6(a))*	—	29	29
Total other changes	—	29	29
At May 31, 2023	2	1,635	1,637

	Other payables	Lease liabilities	Total
	RMB'000	*RMB'000 (Note 20)*	*RMB'000*
At January 1, 2024	—	899	899
Changes from financing cash flows:			
Proceeds of net advances from a related party	9	—	9
Capital element of lease rentals paid	—	(194)	(194)
Interest element of lease rentals paid	—	(25)	(25)
Total changes from financing cash flows	9	(219)	(210)
Other changes:			
Increase in lease liabilities from entering into new leases during the period	—	1,503	1,503
Interest expenses *(Note 6(a))*	—	25	25
Total other changes	—	1,528	1,528
At May 31, 2024	9	2,208	2,217

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating cash flows	490	445	173	178
Within financing cash flows	1,197	1,062	298	219
	1,687	1,507	471	397

These amounts relate to the following:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Lease rentals paid	1,687	1,507	471	397

19 TRADE AND OTHER PAYABLES

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade payables	20,099	24,440	40,409
Other payables	7,615	7,802	6,147
Accrued payroll and staff benefits	11,894	10,745	7,790
	39,608	42,987	54,346
Non-current			
Deposits received	4,350	4,453	4,692
	43,958	47,440	59,038

Except for an amount of RMB4,350,000, RMB4,453,000 and RMB4,692,000 as at December 31, 2022 and 2023 and May 31, 2024 respectively, all trade and other payables are expected to be settled within one year.

The Company

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade payables	11,020	10,475	5,794
Other payables	11	227	94
Accrued payroll and staff benefits	4,180	4,877	2,984
	15,211	15,579	8,872

As at December 31, 2022 and 2023 and May 31, 2024, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	18,103	23,736	39,103
1 to 2 years	626	346	704
2 to 3 years	1,106	357	600
More than 3 years	264	1	2
	20,099	24,440	40,409

The Company

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	9,480	10,275	4,953
1 to 2 years	355	50	641
2 to 3 years	957	150	200
More than 3 years	228	—	—
	11,020	10,475	5,794

20 LEASE LIABILITIES

As at December 31, 2022 and 2023 and May 31, 2024, the lease liabilities were repayable as follows:

The Group and the Company

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,091	732	1,445
After 1 year but within 2 years	813	167	506
After 2 years but within 5 years	—	—	257
	813	167	763
	1,904	899	2,208

21 DEFERRED INCOME

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants	1,525	820	589

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Unit Scheme

On October 30, 2020, an employee share incentive scheme was approved by the board of directors, according to which 28,285,670 shares of RSUs in sum would be granted by the Company to eligible employees of the Group and Mrs. Tang Li was authorised to implement the detailed share incentive scheme including but not limited to determine batches and vesting conditions, number of RSUs and prices granted to each employee, make adjustments to the share incentive scheme, etc.

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, Mrs. Tang Li or other designated employees repurchased 6,374,480 shares, 310,460 shares, 81,050 shares and 89,400 shares respectively of the above-mentioned RSUs granted by the Company from previous employees who resigned from the Group at the pre-determined price lower than fair value, which constituted new share-based payments.

For the years ended December 31, 2022 and 2023 and the five months ended May 31, 2023 and 2024, Mrs. Tang Li granted 3,688,300 shares, 383,530 shares, nil shares and nil shares respectively of RSUs from her own shares to eligible employees of the Group, including 100,000 shares, nil shares, nil shares and nil shares of RSUs to an employee resigned from the Group shortly.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Vesting period	Subscription prices
RSUs granted to directors:				
2020 batch 1	2,549,500	Note (i)	36 months	RMB 0.2–5
2020 batch 2	865,100	Note (i)	60 months	RMB 0.47
2021 batch 1	924,000	Note (i)	36 months	RMB 0.2–4.47
2022 batch 1	4,126,960	Nil	12 months	RMB 0–5
2022 batch 2	1,610,000	Note (i)	36/51 months	RMB 0–5
2022 batch 3	250,000	Note (i)	60 months	RMB 5
2023 batch 1	260,460	Nil	12 months	RMB 0.17–4.5
2023 batch 2	150,000	Note (i)	36 months	RMB 5
2024 batch 1	89,400	Nil	12 months	RMB 4.5
RSUs granted to employees:				
2020 batch 1	4,516,000	Note (i)	36 months	RMB 0.2–5
2021 batch 1	3,829,000	Note (i)	36 months	RMB 0.2–4.47
2022 batch 2	3,925,820	Note (i)	36 months	RMB 0–5
2022 batch 3	150,000	Note (i)	60 months	RMB 5
2023 batch 2	283,530	Note (i)	36 months	RMB 4.48–6

Note:

(i) The restricted shares are vested upon achievement of certain performance conditions, such as service period, performance target or the completion of the listing of the Company's shares.

(b) The number and subscription prices of outstanding RSUs are as follows:

	Number of RSUs			
	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
			(unaudited)	
At January 1	10,443,100	14,903,600	14,903,600	5,327,670
Granted during the year/period	10,062,780	693,990	81,050	89,400
Vested during the year/period	(600,000)	(8,409,460)	(3,596,000)	—
Forfeited during the year/period	(5,002,280)	(1,860,460)	(1,681,050)	(358,450)
At December 31/May 31	14,903,600	5,327,670	9,707,600	5,058,620
Subscription price per RSU at December 31/May 31	RMB 0–5	RMB 0–6	RMB 0–5	RMB 0–6

(c) Fair value and assumptions

The fair value of services received in return for RSUs granted is measured by reference to the fair value of RSUs granted and the subscription price paid by the eligible directors and employees. The estimates of the fair value of RSUs are measured at the grant date referring to market price offered by the independent investors or fair value assessed by independent appraisers. The fair value of RSUs at grant date and key assumptions used in determining the fair value of RSUs are as follows:

Fair value of RSUs and assumptions	2022 share incentive batch	2023 share incentive batch	2024 share incentive batch
Fair value per unit at grant date	RMB14.72	RMB16.18	RMB 16.18
Discount rate	12%	13%	13%
Expected dividends	Nil	Nil	Nil

(d) Equity-settled share-based payment expenses recognised in the consolidated financial statements during the Track Record Period:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Research and development expenses	21,430	11,848	5,444	1,569
Selling and distribution expenses	35,546	15,773	10,928	1,054
Administrative expenses	20,094	13,678	6,709	1,814
Cost of sales	1,351	1,918	927	—
Inventories	2,315	1,187	418	262
	80,736	44,404	24,426	4,699

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Deferred tax assets not recognised:

In accordance with the accounting policy set out in Note 2(o), as at December 31, 2022 and 2023 and May 31, 2024, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB291,220,000, RMB320,422,000 and RMB350,760,000, respectively, as it is not probable that future taxable profits against which the losses can be utilised before they expire.

Pursuant to the relevant laws and regulations in the PRC and the United States, the unrecognised tax losses as at December 31, 2022 and 2023 and May 31, 2024 will expire in the following years:

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
2023	16,067	—	—
2024	53,488	53,488	53,488
2025	49,249	49,249	49,249
2026	10,156	10,156	10,156
2027	53,541	53,541	53,541
After 2027	108,719	153,988	184,326
	291,220	320,422	350,760

All the tax losses of the Company can be carried forward for a maximum period of ten years pursuant to Notice No. 76 issued by the Ministry of Finance and the State Administration of Taxation of the PRC on July 11, 2018, since the Company obtained its certificate of HNTE (see Note 7(a)).

All the tax losses of the Group's subsidiary in the PRC, Chengdu Biostar Pharmaceuticals Co., Ltd., can be carried forward for a maximum period of five years under the PRC Corporate Income Tax Law.

24 PROVISION

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1	—	10,838	10,838	—
Additional provision made	10,838	4,987	—	—
Provision utilised	—	(15,825)	(10,602)	—
At December 31/May 31	10,838	—	236	—

The Group's product was included in the National Reimbursement Drug List (the "NRDL") in January 2023 and a lower medical insurance price was implemented since March 1, 2023. The Group recognised a provision for price reduction compensation to customers due to the official inclusion in the NRDL for products sold to these customers but not yet sold to patients before March 1, 2023.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the Track Record Period are set out below:

The Company

	Note	Share capital	Capital reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022		350,000	972,053	(98,642)	1,223,411
Changes in equity for 2022:					
Loss for the year		—	—	(37,055)	(37,055)
Equity-settled share-based payment	*22(d)*	—	80,736	—	80,736
Consideration received for RSUs granted by the Company		—	4,660	—	4,660
Balance at December 31, 2022		350,000	1,057,449	(135,697)	1,271,752

	Note	Share capital	Capital reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		350,000	1,057,449	(135,697)	1,271,752
Changes in equity for 2023:					
Loss for the year		—	—	(43,679)	(43,679)
Equity-settled share-based payment	*22(d)*	—	44,404	—	44,404
Balance at December 31, 2023		350,000	1,101,853	(179,376)	1,272,477

	Note	Share capital	Capital reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)					
Balance at January 1, 2023		350,000	1,057,449	(135,697)	1,271,752
Changes in equity for the five months ended May 31, 2023:					
Loss for the period		—	—	(22,683)	(22,683)
Equity-settled share-based payment	*22(d)*	—	24,426	—	24,426
Balance at May 31, 2023		350,000	1,081,875	(158,380)	1,273,495

	Note	Share capital	Capital reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		350,000	1,101,853	(179,376)	1,272,477
Changes in equity for the five months ended May 31, 2024:					
Loss for the period		—	—	(22,746)	(22,746)
Equity-settled share-based payment	*22(d)*	—	4,699	—	4,699
Balance at May 31, 2024		350,000	1,106,552	(202,122)	1,254,430

(b) Dividends

The directors of the Company did not propose the payment of any dividend for the Track Record Period.

(c) Share capital

As at December 31, 2022, 2023 and May 31, 2024, the Company has 350,000,000, 350,000,000 and 350,000,000 shares issued with par value of RMB1 for each share, respectively.

	As at December 31,				As at May 31,	
	2022		2023		2024	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
		RMB'000		*RMB'000*		*RMB'000*
At December 31/ May 31	350,000,000	350,000	350,000,000	350,000	350,000,000	350,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves comprise the following:

— the difference between the consideration received and the par value of the issued shares of the Company; and

— the portion of the grant date fair value of RSUs granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(n).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2(r).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bank deposits are limited because the counterparties are banks for which the Group considers representing low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the landlords' credit rating, the remaining lease term and the period covered by the rental deposits.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Unless special approval granted, trade receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2022 and 2023 and May 31, 2024, the trade receivables of the Group's five largest customers account for 64.1%, 39.6% and 34.8% of the total trade receivables, respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current (not past due)	2	6,250	94
Within three months past due	5	29,962	1,498
		36,212	1,592

	As at December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	2	7,588	114
Within three months past due	5	3,879	194
		11,467	308

	As at May 31, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	2	9,376	143
Within three months past due	5	3,900	187
		13,276	330

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year/period is as follows:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
At January 1	381	1,592	1,592	308
Impairment losses recognised	1,592	308	881	330
Impairment losses reversed	(381)	(1,592)	(1,592)	(308)
At December 31//May 31	1,592	308	881	330

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at December 31, 2022, 2023 and May 31, 2024 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

The Group

	As at December 31, 2022 Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at December 31, 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	1,148	832	—	1,980	1,904
Amounts due to related parties	188	—	—	188	188
Provision	10,838	—	—	10,838	10,838
Trade and other payables	39,608	—	4,350	43,958	43,958
	51,782	832	4,350	56,964	56,888

	As at December 31, 2023 Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at December 31, 2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	916	167	—	1,083	899
Amounts due to related parties	24	—	—	24	24
Trade and other payables	42,987	—	4,453	47,440	47,440
	43,927	167	4,453	48,547	48,363

	As at May 31, 2024 Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at May 31, 2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	1,489	525	260	2,274	2,208
Amounts due to related parties	9	—	—	9	9
Trade and other payables	54,346	—	4,692	59,038	59,038
	55,844	525	4,952	61,321	61,255

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure to fair value interest rate risk and cash flow risk is not significant because the current market interest rates are relatively low and stable.

(d) Currency risk

The Group is exposed to currency risk primarily through bank deposits and inter-company receivables that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States Dollars. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at December 31, 2022, 2023 and May 31, 2024 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

	As at December 31,		As at May 31,
	2022	2023	2024
	United States Dollars RMB'000	*United States Dollars RMB'000*	*United States Dollars RMB'000*
Fixed deposits with banks	224,166	233,729	234,590
Cash and cash equivalents	8,359	10,018	3,259
Amounts due from related parties	—	35,414	35,544
	232,525	279,161	273,393

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss before taxation and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at December 31, 2022 and 2023 and May 31, 2024 had changed at that date, assuming all other risk variables remained constant.

	As at December 31, 2022		As at December 31, 2023		As at May 31, 2024	
	Increase/ (decrease) in foreign exchange rates	Effect on loss before tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss before tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss before tax and accumulated losses
		RMB'000		*RMB'000*		*RMB'000*
United States Dollars	10%	23,253	10%	27,916	10%	27,339
	(10%)	(23,253)	(10%)	(27,916)	(10%)	(27,339)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss before tax and accumulated losses measured in the respective functional currencies, translated into RMB at the exchange rate ruling at December 31, 2022 and 2023 and May 31, 2024 for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at December 31, 2022 and 2023 and May 31, 2024, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis during the Track Record Period.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at December 31, 2022, 2023 and May 31, 2024 on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The following table presents the Group's financial assets that are measured at fair value at December 31, 2022, 2023 and May 31, 2024:

The Group

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Level 2			
Financial assets measured at FVPL			
— Wealth management products and structured deposits issued by banks	444,991	235,611	130,216

Information about Level 2 fair value measurements

For bank wealth management products held as of December 31, 2022, 2023 and May 31, 2024, the Group measures them at the second level fair value. Among them, the fair value of wealth management products is determined with reference to the quotation published by the issuing bank; the fair value of structured deposits is determined by the expected return rate listed in the bank's announcement or the product prospectus.

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at December 31, 2022 and 2023 and May 31, 2024 in which they occur.

The movements during the Track Record Period in the balance of these Level 2 financial assets of the Group at fair value through profit or loss are as follows:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financial assets measured at FVPL				
At January 1	536,958	444,991	444,991	235,611
Payment for purchases	717,000	535,000	85,000	210,000
Changes in fair value recognised in profit or loss during the year/period	2,700	5,821	5,251	600
Redemption	(811,667)	(750,201)	(263,472)	(315,995)
At December 31/May 31	444,991	235,611	271,770	130,216

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at December 31, 2022 and 2023 and May 31, 2024.

27 COMMITMENTS

Commitments outstanding at December 31, 2022 and 2023 and May 31, 2024 not provided for in the consolidated financial statements were as follows:

	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contracted for construction in progress	54,618	25,898	8,285
Authorised but not contracted for construction in progress	81,624	82,504	82,096
	136,242	108,402	90,381

28 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, other material related party transactions entered by the Group during the reporting periods are as follows:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Short-term employee benefits	10,299	10,220	4,234	4,095
Contributions to defined contribution retirement plan	135	542	141	154
Equity-settled share-based payment expenses	58,519	39,535	21,245	3,357
	68,953	50,297	25,620	7,606

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Identity of related parties

Name of party	Relationship with the Group
Tang Li 唐莉	ultimate controlling shareholder
Qiu Rongguo 邱榮國	ultimate controlling shareholder
Kong Rixiang 孔日祥	supervisor
Zhang Cheng 張成	executive director
Nie Xiuqing 聶秀清	executive director (resigned in March 2022)
珠海華欣昊緣商業管理合夥企業(有限合夥) ("Huaxin Haoyuan")	company controlled by ultimate controlling shareholder
北京北進緣科技有限公司 ("Beijing Beijinyuan")	company controlled by ultimate controlling shareholder

(c) Significant related party transactions

	Year ended December 31,		Five months ended May 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Trade related:				
— Purchasing materials from				
Beijing Beijinyuan	—	19	—	—
Non-trade related:				
— Repayment of net advances from				
Nie Xiuqing 聶秀清	355	—	—	—
Proceeds/(repayment) of net advances from/to				
Tang Li 唐莉	70	(68)	(68)	9
Consideration received for share incentive scheme from				
Huaxin Haoyuan	4,660	—	—	—

(d) Balances with related parties

The Group

	Amounts owed by the Group to related parties		
	As at December 31,		As at May 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to:			
— Trade related:			
Beijing Beijinyuan	—	19	—
— Non-trade related			
Tang Li 唐莉	73	3	9
Zhang Cheng 張成	1	1	—
Kong Rixiang 孔日祥	20	—	—
Qiu Rongguo 邱榮國	94	1	—
	188	5	9

The balances of non-trade related amounts due to related parties are unsecured, interest-free, payable on demand and had been settled in June 2024.

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2022, 2023 and May 31, 2024, the directors consider the immediate parent of the Group is BAYGEN QT INC., a company incorporated in the United States, and the ultimate controlling party of the Group to be Mrs. Tang Li and Mr. Qiu Rongguo. BAYGEN QT INC. does not produce financial statements available for public.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED MAY 31, 2024

Up to the date of issue of this report, the HKICPA has issued a number of new or amended standards, which are not yet effective for the period ended May 31, 2024 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *Lack of exchangeability*	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
HKFRS 18, *Presentation and Disclosure in Financial Statements*	January 1, 2027
HKFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to May 31, 2024 which would materially affect the Group's operating and financial performance.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries comprising the Group in respect of any period subsequent to May 31, 2024.

The information set forth below does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative 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 forth in Appendix I to this prospectus.

A UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of the Company as of May 31, 2024 as if the Global Offering had taken place on May 31, 2024.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of May 31, 2024 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of May 31, 2024[1]	**Estimated net proceeds from the Global Offering[2]**	**Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company**	**Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share[3]**	
	RMB'000	*RMB'000[4]*	*RMB'000*	*RMB*	*HK$[4]*
Based on an Offer Price of HK$16.0 per H Share	669,389	189,192	858,581	2.35	2.58
Based on an Offer Price of HK$22.0 per H Share	669,389	265,643	935,032	2.56	2.81

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as of May 31, 2024 is arrived after deducting intangible assets of RMB1,125,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB670,514,000 as of May 31, 2024, which is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$16.0 and HK$22.0 per H Share, being the lower end price and higher end price of the indicative offer price range respectively, and the issuance of 14,588,000 H Shares, after deduction of the underwriting fees and other related expenses paid or payable by the Group (excluding the listing expenses of RMB14,471,000 which have been charged to profit or loss during the Track Record Period).

(3) The unaudited pro forma adjusted net tangible assets per Share are arrived at after the adjustment referred to in the preceding paragraph and on the basis that 364,588,000 Shares (being the outstanding 350,000,000 shares in issue immediately before the completion of the Global Offering and 14,588,000 H Shares to be issued pursuant to the Global Offering) are expected to be in issue immediately following the completion of the Global Offering.

(4) The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi and the unaudited pro forma adjusted net tangible assets per Share is converted from Renminbi into Hong Kong dollars at the exchange rate of RMB1.00 to HK$1.0990 prevailing on October 14, 2024. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted into Renminbi, or vice versa, at that rate.

(5) The Group's buildings, construction in progress and ownership interests in leasehold land included in the consolidated financial statements as at August 31, 2024 have been valued by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer and consultant. The above 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 amounting to approximately RMB28,723,000. 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 future periods as the Group's property, plant and equipment and ownership interests in leasehold land are stated at cost less accumulated depreciation and impairment losses, if any. If the revaluation surplus were recorded in the Group's consolidated financial statements, additional annual depreciation of approximately RMB1,091,000 would be charged against profit or loss in future periods.

(6) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to May 31, 2024.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF BEIJING BIOSTAR PHARMACEUTICALS CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Beijing Biostar Pharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at May 31, 2024 and related notes as set out in Part A of Appendix II to the prospectus dated October 23, 2024 (the "Prospectus") issued by the Company. 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 proposed offering of the H Shares of the Company (the "Global Offering") on the Group's financial position as at May 31, 2024. As part of this process, information about the Group's financial position as at May 31, 2024 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("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 behaviour.

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 ("HKSAE") 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 purpose 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 pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 events or transactions as at May 31, 2024 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 event or 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' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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 purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
October 23, 2024

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 August 2024 of the selected property interests of the Group.

Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

23 October 2024

The Board of Directors
Beijing Biostar Pharmaceuticals Co., Ltd.
Room 310, 3/F, Building 3
No. 88 Courtyard, Kechuang Sixth Street
Beijing Economic-Technological Development Area
Beijing
PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value selected the property interests held by Beijing Biostar Pharmaceuticals Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 August 2024 (the "**Valuation Date**").

The selected property interests form part of the Group's non-property activities that has a carrying amount of 15% or more of the Group's total assets and therefore the valuation report of this property interests is required to be included in this prospectus.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined 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".

Methods of Valuation

Due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the buildings and structures of the properties have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense 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.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained 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 RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, 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 arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including State-owned Land Use Rights Certificate and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Beijing DeHeng Law Offices, concerning the validity of the property interests in the PRC.

Area Measurement and Inspection

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.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in March 2024 by Mr. David Cheng who is a member of Royal Institution of Chartered Surveyor and has over 22 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G. D. Cheng
MRICS
Executive Director

Note: David G. D. Cheng is a Chartered Surveyor who has 22 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

SUMMARY OF VALUES

Abbreviation:

Group I — Property interests held and occupied by the Group in the PRC
Group II — Property interest held under development by the Group in the PRC

No.	Property	Market value in existing state as at the Valuation Date *RMB*	Market value in existing state as at the Valuation Date *RMB*	The total market value in existing state as at the Valuation Date *RMB*
		Group I:	**Group II:**	
1.	A parcel of land, 7 completed buildings and structures, 6 buildings and various ancillary structures under construction located at Donglin District, Western Hi-tech Industrial Development Zone, Chengdu City, Sichuan Province, The PRC	29,432,000	86,034,000	115,466,000
	Total:	**29,432,000**	**86,034,000**	**115,466,000**

Note: For the 7 buildings of Group I without proper title certificates, we have not attributed commercial value to them. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB66,613,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Group in the PRC
Group II — Property interest held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
1.	A parcel of land, 7 completed buildings and structures, 6 buildings and various ancillary structures under construction located at Donglin District, Western Hi-tech Industrial Development Zone, Chengdu City, Sichuan Province, The PRC	The property comprises: (i) a parcel of land with a site area of approximately 53,333.33 sq.m. and 7 buildings and ancillary structures erected thereon which were completed in January 2018 ("Clinical study of the national Class 1 anti-tumor innovative drug epothilone UTD1 industrialization base and synthetic biology technology production and transformation base Phase I", categorized as Group I); and (ii) 6 buildings and various ancillary structures which were under construction as at the valuation date ("Clinical study of the national Class 1 anti-tumor innovative drug epothilone UTD1 industrialization base and synthetic biology technology production and transformation base Phase II", categorized as Group II). The 7 buildings of Phase I have a total gross floor area of approximately 10,574.51 sq.m., include an office building and 6 industrial buildings. The structures of Phase I mainly include roads and boundary walls. The 6 buildings and various ancillary structures of Phase II are scheduled to be completed in December 2025. Upon completion, the 6 buildings will have a gross floor area of approximately 47,276.81 sq.m. The total construction cost of the Phase II is estimated to be approximately RMB352,590,000, of which RMB86,034,000 had been paid up to the Valuation Date. The land use rights of the property have been granted for a term expiring on 1 May 2065 for industry use.	The Phase I of the property was occupied for production, office and ancillary purposes and the Phase II of the property was under construction as at the valuation date.	115,466,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Cheng Gao Guo Yong (2015) Di No. 45156, the land use rights of a parcel of land with a site area of approximately 53,333.33 sq.m. have been granted to Chengdu Biostar Pharmaceuticals Co., Ltd. (成都華昊中天藥業有限公司, "Chengdu Biostar", a wholly-owned subsidiary of the Company) for a term expiring on 1 May 2065 for industry use.

2. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 510124201639018 in favour of Chengdu Biostar, various buildings of Phase I of the property with a total gross floor area of approximately 10,626.00 sq.m. has been approved for construction.

3. Pursuant to a Construction Work Commencement Permit — No. CGGJ (2016) J045 in favour of Chengdu Biostar, permission by the relevant local authority was given to commence the construction work of various buildings of Phase I of the property with a total gross floor area of approximately 10,626.00 sq.m.

4. Pursuant to a Construction Work Completion Acceptance Report — various buildings of Phase I of the property with a total gross floor area of approximately 10,626.00 sq.m. has been completed and passed the acceptance inspection.

5. For the 7 completed buildings of Phase I of the property with a total gross floor area of approximately 10,574.51 sq.m., we have not been provided with any title certificates.

6. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 510109202131939 in favour of Chengdu Biostar, various industrial buildings and auxiliary facilities of Phase II of the property with a total gross floor area of approximately 47,276.81 sq.m. has been approved for construction.

7. Pursuant to a Construction Work Commencement Permit — No. 510109202211230701 in favour of Chengdu Biostar, permission by the relevant local authority was given to commence the construction work of various industrial buildings and auxiliary facilities of Phase II of the property with a total gross floor area of approximately 47,276.81 sq.m.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. Chengdu Biostar legally held the land use rights of the property and has the right to legally occupy and use the land. The interests of Chengdu Biostar are protected by Chinese law, and there is no ownership dispute regarding the state-owned land use rights.

    b. Chengdu Biostar has obtained Construction Work Planning Permit and Construction Work Commencement Permit in respect of the construction of the buildings of Phase I of the property. There is no substantive legal obstacle to obtaining the ownership certificates of the buildings of Phase I of the property. Chengdu Biostar legally held the building ownership of Phase I of the property and has the right to legally occupy and use the buildings. The interests of Chengdu Biostar are protected by Chinese law, and there is no ownership dispute regarding the building ownership rights.

    c. Chengdu Biostar has obtained Construction Work Planning Permit and Construction Work Commencement Permit in respect of the construction of the buildings of Phase II of the property. There is no ownership dispute regarding the CIP.

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the Valuation Date in its existing state is set out as below:

Group	**Market value in existing state as at the Valuation Date** ***(RMB)***
Group I — Property interest held and occupied by the Group in the PRC	29,432,000
Group II — Property interest held under development by the Group in the PRC	86,034,000
Grand-total:	115,466,000

Note: In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 7 buildings of Phase I of the property which have not been obtained any proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB66,613,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

TAXATION OF HOLDERS OF SECURITIES

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of the PRC or Hong Kong taxation other than income tax, capital tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

TAXATION IN THE PRC

Taxation on Dividends

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**"), which was latest amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Regulations of 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》), which was latest amended on December 18, 2018 and came into effect on January 1, 2019, dividends paid by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

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》) (the "**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income** (《對所得避免雙重徵税和防止偷漏税的安排》)") signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong

resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol 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〉第五議定書》) (the "**Fifth Protocol** (《第五協議書》)") issued by the State Administration of Taxation (the "**SAT**") and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Rules of the Enterprise Income Tax Law (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007, effective from January 1, 2008 and amended on April 23, 2019 (hereinafter collectively referred to as the "**EIT Law**"), a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from 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. The aforesaid 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. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

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 (Guo Shui Han [2008] No. 897) (《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》(國税函[2008]897號)) which was issued by the SAT on November 6, 2008 and became effective on the same date, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on dividends paid to overseas non-resident enterprise shareholders of H Shares for 2008 and subsequent years. Non-PRC resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol (《第五協議書》) provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Although there may be other provisions under the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, 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 tax agreements is subject to the requirements of PRC tax law and regulation, 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》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, 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 taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer Income

Individual Investors

According to the IIT Law and its implementation regulations, gains realized on the sale of equity interests in the PRC resident enterprises are subject to the income tax at a rate of 20%.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《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》(財税字[1998]第61號)) issued by the Ministry of Finance (the "**MOF**") and the SAT on March 30, 1998, with effect from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law.

However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《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》(財税[2009]167號)), which states that individuals' income from the transfer of listed shares on certain domestic exchanges 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 Circular on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (Cai Shui [2010] No. 70) (《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》(財税[2010]70號)) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to a 10% enterprise income tax 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 the PRC-sourced income is not connected in reality with such establishments or premise. Such tax may be reduced or exempted pursuant to applicable treaties or agreements on avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the stamp duty 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.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. And non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value Added Tax

According to the Temporary Regulations on Value Added Tax of the PRC (《中華人民共和國增值税暫行條例》) (the "**VAT Regulations**"), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 10, 2008, on February 6, 2016 and November 19, 2017 respectively, and the Detailed Rules for the Implementation of the VAT Regulations (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOF and came into effect on December 25, 1993 and was amended on December 15, 2008 and October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value added tax. Other than those as specified in the VAT Regulations, the tax rate of 17% shall be levied on taxpayers selling or importing various goods, and providing processing, repairing or replacement service.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) which was issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have value added tax taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Notice 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》) which was issued on March 20, 2019 by the MOF, the SAT and the General Administration of Customs and became effective on April 1, 2019, the value added tax rate was reduced 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. 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 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 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 0.13% 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 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties 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 the Renminbi, which is not freely convertible into foreign exchange currently. The State Administration of Foreign Exchange (the "**SAFE**"), under the authorization of the People's Bank of China (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 PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and latest amended on 5 August, 2008, and classified all international payments and transfers into current account items and capital account items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital account items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange receipts under current account items may, pursuant to the relevant provisions of the State, be retained or sold to financial institutions engaging in conversion and sale of foreign currencies. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for current account item transactions may, without the approval of the SAFE, effect payment from foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof. Foreign-invested 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 (such as our Company) 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 at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

According to the Notice of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《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), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on 30 December,2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)), which cancelled the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE issued the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》), pursuant to which 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 local branch office of SAFE 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.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Administrative Policies over Foreign Exchange Settlement under Capital Accounts (Hui Fa [2016] No. 16) (《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》(匯發[2016]16號)) issued by the SAFE on June 9, 2016, the settlement of foreign exchange income of capital items (including proceeds from overseas listing) can be made at banks based on the actual operation needs of domestic enterprises. The settlement ratio for foreign exchange income of capital items of domestic enterprises is temporarily 100% and is subject to adjustment by the SAFE according to the balance of international payments.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and 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, and international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (revised in 2023) (《中華人民共和國立法法(2023年修訂)》) (the "**Legislation Law**"), the National People's Congress (the "**NPC**") and the Standing Committee of the NPC (the "**SCNPC**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of 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 the PRC 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 shall comply with provisions 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 and 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. Such local regulations of cities divided into districts 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. 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 ministries and commissions of the State Council, the People's Bank of China, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulation, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations and rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities or autonomous prefectures divided into districts within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. 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, issues related to further clarification or supplement of laws should be interpreted or provided by the SCNPC, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court (最高人民法院), issues related to the application of laws in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate (最高人民檢察院). If there is any principled differences 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 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 PRC Law on the Organization of the People's Courts (revised in 2018) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts at all levels and special people's courts.

The local people's courts at all levels are comprised of three levels, namely the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organized into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organized into divisions similar to those of the primary people's courts, and are entitled to organize other courts as needed such as the intellectual property division. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial work of local people's courts at all levels and special people's courts.

The people's courts apply a two-tier appellate system, i.e., judgments or rulings of the second instance at a people's court are final. 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 those 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 PRC (amended in 2023) (《中華人民共和國民事訴訟法 (2023年修正)》), which was adopted in 1991 and latest amended on September 1, 2023 and came into effect on January 1, 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed 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. A civil case is generally 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 directly 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. However, such choice may not in any circumstances contravene the regulations of grade jurisdiction and exclusive jurisdiction.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

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. There are time limits of two years imposed on the right to apply for such enforcement. 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.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such 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 will result in a violation of the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interest.

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》) 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 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. "Choice of court agreement in written" 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 dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the

party concerned may apply to the 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 meet certain conditions of the aforementioned regulations.

THE PRC COMPANY LAW, THE OVERSEAS LISTING TRIAL MEASURES AND THE GUIDELINES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the HKSE is mainly subject to the following three laws and regulations in the PRC:

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, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest revision of which came into effect on July 1, 2024.

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》) (the "**Overseas Listing Trial Measures**") which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and are 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, provide 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 the Articles of Association" in this document.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines applicable to the Company.

General

A joint stock limited company refers to a corporate legal person incorporated in China under the Company Law. Shareholders of the Company shall be liable for the Company based on the shares held by them and the Company shall assume its liability based on the value of all assets it owns.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A company may be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must have residence within the PRC.

Promoters of a joint stock limited company established by means of public subscription shall, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an inaugural meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The inaugural meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

The board of directors shall, within 30 days after the end of the inaugural meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

A company's promoter shall be liable for: (i) the debts and expenses incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to subscribers together with interest at bank rate of deposit for the same period jointly and severally if the company cannot be incorporated; and (iii) the compensation of any damages suffered by the company as a result of the promoters' default in the course of its incorporation. According to 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》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters may make a capital contribution in currencies, or non-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 of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation.

Shares in a company take the form of share certificates. Share certificates are certificates issued by the company evidencing the shares held by the shareholders. The shares issued by a company shall be registered shares.

There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Increase in Share Capital and Issue of Shares

According to the Company Law, in the event a company proposes to issue new shares, resolutions shall be passed at shareholders' meeting in accordance with the articles of association to determine the class, amount and issue price of the new shares. All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue par value stock at par value or at a premium, but it may not issue shares below the par value.

After the new share issuance has been paid up, the change shall be registered with the company registration authorities.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

(i) name and domicile of each shareholder;

(ii) class and number of shares subscribed for by each shareholder;

(iii) serial number of shares if the shares are issued in paper form; and

(iv) date for each shareholder to obtain shares.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) the company shall prepare a balance sheet and an inventory of assets;

(ii) the reduction of registered capital must be approved by shareholders' meeting;

(iii) the company shall notify its creditors of the reduction in share capital within 10 days and publish an announcement of the reduction in newspapers within 30 days of the resolution approving the reduction being passed;

(iv) the creditors of the company may demand the company to repay its debts or provide guarantees for the debts in 30 days after the receipt of the notice or in 45 days after the publication of the announcement; and

(v) the company must apply to the relevant administration bureau for industry and commerce for registration of the change and reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not repurchase its own shares other than for one of the following purposes:

(i) to reduce its registered capital;

(ii) to merge with another company which holds its shares;

(iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan;

(iv) to purchase its shares from shareholders who vote against the resolution regarding the merger or division with other companies at a shareholders' meeting;

(v) to apply shares for conversion of convertible corporate bonds issued by a listed company; and

(vi) to maintain the company value and protect the shareholders' interests of a listed company as necessary.

Repurchase of its own shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"). If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

A company shall not accept its own shares as the subject matter of a mortgage.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. Shares may be transferred after the shareholders endorse the back of the share certificates or in other manner specified by laws and administrative regulations. Following the transfer, the joint stock limited company shall enter the names and addresses of the transferees into its share register. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

According to the Company Law and the Guidelines, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholders' meeting and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his/her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. Under the PRC Company Law, the shareholders' meeting exercises the following principal powers:

(i) to elect and remove the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory board;

(iv) to review and approve the company's proposals for profit distribution plans and loss recovery plans;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

Shareholders' annual meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following:

(i) the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;

(ii) the aggregate unrecovered losses of the company which are not recovered reach one-third of the company's total paid-in share capital;

(iii) when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;

(iv) whenever the board of directors deems necessary;

(v) when the board of supervisors so requests; or

(vi) other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' meetings 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 does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of our interim shareholder's meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company shall have a board, which shall consist of at least 3 members. Members of the board may include staff representatives of the employees of the company, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. 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 re-elected 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 Company Law, the board of directors mainly exercises the following functions and powers:

(i) to convene shareholders' meetings and report on its work to the shareholders' meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) 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;

(ix) formulating the basic management rules of the company; and

(x) to exercise any other authority stipulated in the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice 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 voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene meeting within 10 days of receiving such proposal and preside over the meeting. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he/she may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his/her behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, 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 may be released from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint one or more vice chairman.

The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his/her duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

(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 bribery, corruption, embezzlement, misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his/her crimes, in each case where less than five years have elapsed since the date of completion of the sentence. If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of 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 and 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; or

(v) a person who is listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

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.

Board of Supervisors

A joint stock limited company may have a board of supervisors composed of not less than three members. The board of supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his/her duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event

that the vice chairman of the board of supervisors is incapable of performing or not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties in accordance with the laws, administrative regulations and 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 supervisor results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

(i) to review the company's financial position;

(ii) 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, regulations, the articles of association or the resolutions of shareholders' meeting;

(iii) when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;

(iv) to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law;

(v) to initiate proposals for resolutions to shareholders' meetings;

(vi) to initiate proceedings against directors and senior management; and

(vii) other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

According to the company law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meetings of the board of directors as a non-voting member.

According to the 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 Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from:

(i) embezzling the property or misappropriating the company's funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(iv) taking commissions from the transactions between the company and any other person into his/her own pocket;

(v) unlawfully disclosing the confidential information of the company; or

(vi) other acts in violation of the obligation of loyalty to the company.

A director, supervisor or senior management who contravenes any law, administrative regulation or the company's 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.

Finance and Accounting

Under the Company Law, 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 and accounting report which shall be audited by an accounting firm in accordance with the laws. The company's 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.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual meeting of shareholders. A company that makes public stock offerings shall publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its 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. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The proceeds received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

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 any individual.

Appointment and Retirement of Auditors

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by the shareholders' meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. 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 Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to the Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, the amendment to articles of association shall be registered with the relevant authority in accordance with the applicable laws.

Dissolution and Liquidation

Pursuant to the Company Law, a company shall be dissolved for any of the following reasons:

(i) 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;

(ii) the shareholders have resolved at a shareholders' meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) 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.

Where a company falls under the circumstance as mentioned in Items (i) or (ii) of the preceding paragraph, and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting. To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph 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 (i), (ii), (iv) or (v) 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, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. If a liquidation committee is not established within the prescribed period, any interested party may file an application with a people's court, requesting that the court 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:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors through notice or public announcements;

(iii) to deal with any outstanding business related to the liquidation;

(iv) to pay any overdue tax together with any tax arising during the liquidation process;

(v) to claim credits and pay off debts;

(vi) to distribute the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days after its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System 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 the creditors rights he has claimed 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 liquidation of the company's properties and preparation of the required balance sheet 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 assets of the company, 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 engage in 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 properties and preparation of the required balance sheet 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 declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, 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 submit a liquidation report 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. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant 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. Any member of the liquidation committee who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation committee who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets 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 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 balance sheets and 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 in respect of the settlement of debts, the liabilities of the company which have accrued prior to the separation shall be jointly borne by the separated companies.

Changes in the registration of the companies as a result of the merger or division shall, if so required, be registered with the relevant administration authority for industry and commerce.

Overseas Listing

According to the Overseas Listing Trial Measures, a Chinese domestic company that seeks overseas listing shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

THE PRC SECURITIES LAWS, REGULATIONS AND REGULATORY REGIMES

The PRC has promulgated a series of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and 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 CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings 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 Securities Committee and CSRC and reformed CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading govern the application and approval procedures for 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, investigation, penalties and dispute resolutions with respect to a listed company.

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特別規定》). 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 took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The latest revised Securities Law came into effect on March 1, 2020. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224

of the Securities Law provides that the 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 H shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

The Guidelines for the Application for "Full Circulation" of Domestic Unlisted Shares of H Share Companies ((《H股公司境內未上市股份申請"全流通"業務指引》) issued by the CSRC and revised on August 10, 2023, regulates the listing and circulation of unlisted domestic shares of domestic stock companies (hereinafter referred to as "**H share companies**") listed on the Hong Kong Stock Exchange (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares issued in China upon overseas listing and unlisted shares held by overseas shareholders). Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file with the CSRC. A domestic joint stock limited company whose shares are unlisted may simultaneously make an application for "full circulation" at the time of applying for an overseas initial public issuance and listing.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》) amended by the SCNPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on 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安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on 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》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND THE PRC COMPANY LAW

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, supplemented by common law and the rules of equity that apply to Hong Kong. As a joint stock limited company established in the PRC that is seeking an initial listing of shares on the Stock Exchange, we are subject to the Company Law and all other rules and regulations promulgated pursuant to the Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the Company Law applicable to a joint stock limited company incorporated and existing under the Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital must be incorporated by the Registrar of Companies in Hong Kong, which issues a certificate of incorporation to the company upon its incorporation, and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription. The minimum registered capital of a joint stock limited company is not required, unless otherwise provided by laws, administrative regulations and the decisions of the State Council, for the minimum registered capital of a joint stock limited company.

Share Capital

Under the Companies Ordinance, the concept of the nominal value (also known as par value) of shares of a Hong Kong company has been abolished, and the companies have increased flexibility to alter its share capital by (1) increasing its share capital; (2) capitalizing its profits; (3)

allotting and issuing bonus shares with or without increasing its share capital; (4) converting its shares into larger or smaller number of shares; and (5) canceling its shares. The concept of authorized capital no longer applies to a Hong Kong company formed on or after March 3, 2014 as well. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The Company Law does not provide for authorized share capital. The share capital of a company incorporated in Hong Kong would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes the company's share capital.

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the Company Law, shareholders may provide capital contribution in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and assets verification must be carried out to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, the Domestic Shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, designated qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for, and traded by, investors from countries and regions outside the PRC or other qualified PRC institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Under the Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in a joint stock limited company held by its directors, supervisors and senior management transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office.

There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup for the controlling shareholders (as defined under Listing Rules) disposal of shares, after Global Offering.

Financial Assistance for Acquisition of Shares

Under the Company Law, no company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. And the Guidelines for Articles of Association contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under Hong Kong company law.

Notice of Shareholders' Meeting

Under the Company Law, notice of a shareholders' meeting must be given not less than 20 days before the meeting, while notice of an extraordinary meeting must be given not less than 15 days before the meeting.

For a limited company incorporated in Hong Kong, the notice period for an annual meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company or a private company. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution at least 14 days before the meeting.

Quorum for Shareholders' Meetings

The Company Law does not specify any quorum requirement for a shareholders' meeting. Under Hong Kong law, the quorum for a shareholders' meeting is two members unless the articles of association of the company otherwise provide. For a single member company, one member is a quorum.

Voting at Shareholders' Meetings

Under the Company Law, the passing of any resolution requires more than half of the votes held by the shareholders present in person or by proxy. Amendments to the articles of association, change of corporate form, increase or decrease of registered capital and merger, division or dissolution must be approved by shareholders or proxies representing more than two-thirds of the voting rights being present in shareholders' meeting.

Under Hong Kong law, (1) an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a shareholders' meeting and (2) a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a shareholders' meeting.

Variation of Class Rights

Under the Company law, a company may, according to the articles of association, issue the classified shares, which have different rights from those of the common shares.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except:

(1) with the approval of a special resolution of the holders of the relevant class at a separate meeting;

(2) with the consent in writing of the holders of at least three-fourths of the total voting rights of holders of shares in the class in question;

(3) by agreement of all the members of a Hong Kong company; or

(4) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Supervisory Committee

Under the Company Law, a joint stock limited company's directors and senior management are subject to the supervision of a supervisory committee. There is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a shareholders' meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

Under the Company Law, if the directors and senior management of a joint stock limited company violate laws, administrative regulations or its articles of association, resulting in losses to the company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. If the supervisors violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the supervisory

committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The Company Law provides that any shareholders holding 10% or more of the voting rights of all issued shares of a company may request a People's Court to dissolve the company to the extent that the operation or management of the company experiences any serious difficulties and the company continues to suffer serious losses and no other alternatives can resolve.

Financial Disclosure

Under the Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' meeting. In addition, a joint stock limited company of which the public offering Shares are offered must publish its financial report. The Hong Kong law requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial report, auditors' report and directors' report, which are to be presented before the company in its annual meeting, not less than 21 days before such meeting.

Under the Company Law, a company shall at the end of each accounting year prepare a financial report which shall be audited by the accounting firm in accordance with the laws.

Information on Directors and Shareholders

The Company Law gives shareholders the right to inspect the articles of association, minutes of the shareholders' meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable fee) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under the Companies Ordinance.

Receiving Agents

Under the Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. Under Hong Kong law, the limitation period for an action to demand repayment of a debt is six years, whereas the PRC Civil Code (《中華人民共和國民法典》) provides that the limitation period for an action to be taken is three years.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance.

Under the Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders in shareholders' meeting.

Statutory Deductions

Under the Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation. When the aggregate amount of the company's statutory reserve fund reaches 50% of the company's registered capital, the company may no longer make allocations from the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' meeting. There are no such requirements under Hong Kong law.

Remedies of Company

Under the Company Law, if a Director, Supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages.

The Listing Rules require listed companies' articles of association to provide for remedies of the company (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management) similar to those available under Hong Kong law.

Dividend

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder.

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company shall not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care.

Under the Company Law, directors, supervisors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties faithfully, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Company Law, share transfers shall not be registered within 30 days before the date of a shareholders' meeting or within five days before the base date set for the purpose of distribution of dividends.

This Appendix contains a summary of the Company's Articles of Association, the objective of which is to provide potential investors with an overview of our Articles of Association. As the information contained below is in summary form, it does not contain all the information that may be important to potential investors.

The Articles of Association and relevant amendments thereto were adopted or ratified by the Shareholders in Shareholders' general meetings in accordance with applicable laws and regulations, including the PRC Company Law, the Securities Law of the PRC, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Guidance on Articles of Association of Listed Company, the Hong Kong Listing Rules and other relevant regulations, and will become effective on the date that the Company's H Shares are listed on the Hong Kong Stock Exchange.

GENERAL PROVISIONS

The Company is a joint stock limited company that will exist in perpetuity.

All the assets of the Company shall be divided into equal shares. Each Shareholder shall be liable to the Company to the extent of his/hers/its subscribed shareholding, and the Company shall be liable to its debts to the extent of all its assets.

The Articles of Association shall, as from the date when they come into effect, become a legally binding document regulating the organization and activities of the Company, as well as the relationship of rights and obligations between the Company and its shareholders and among the shareholders themselves, and shall have legally binding effect upon the Company and its shareholders, directors, supervisors and senior management. According to the Articles of Association, Shareholders may sue Shareholders; Shareholders may sue the Directors, Supervisors, General Manager and other senior management; Shareholders may sue our Company, and our Company may sue Shareholders, Directors, Supervisors, General Manager or other senior management.

SHARES

Issuance of Shares

The Shares of the Company take the form of registered stocks.

The Shares of the Company shall be issued following the principles of open, fairness and justice, and each share in the same class shall have the same rights. For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price. All entities or individuals subscribing for the shares shall pay the same price for each share.

Increase, Reduction and Repurchase of Shares

Increase of Shares

According to the operation and development needs of the Company, subject to the applicable laws, regulations and securities regulatory rules of the place where the Company's Shares are listed, the Company may increase the registered capital by the following ways upon approval by separate resolution of the Shareholders' meeting:

(i) public issuance of shares;

(ii) non-public issuance of shares;

(iii) issuing of bonus shares to existing shareholders;

(iv) capitalization of common reserve fund;

(v) other means stipulated by laws and administrative regulations or approved by relevant regulatory authorities.

Subject to the applicable laws, regulations and securities regulatory rules of the place where the Company's Shares are listed, the Board of Directors may, by authorization of the Shareholders' meeting, decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the Shareholders' meeting.

Where the Board of Directors decides to issue shares pursuant to the preceding paragraph, and thus results in a change in the registered capital or the number of issued shares of the Company, the voting at the Shareholders' meeting may not be needed to revise such item set forth in the Articles of Association. Where the Shareholders' meeting authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the Directors.

Reduction of Shares

The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures set out in the PRC Company Law, the Hong Kong Listing Rules and other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company shall not repurchase its issued Shares except under any of the following circumstances:

(i) reducing the Company's registered capital;

(ii) merging with other companies holding our Shares;

(iii) using the Shares as employee stock plans or share incentives;

(iv) requiring the Company for acquiring their Shares from Shareholders who have voted against the resolutions passed at a Shareholders' meeting on the merger or division of the Company;

(v) use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) necessary if the Company wishes to maintain the value of the company and the interests of the shareholders; or

(vii) other circumstances stipulated by laws, administrative regulations, departmental rules and the securities regulatory rules of place where the Company's Shares are listed.

The Company may repurchase its Shares through public centralized trading or other ways recognized by laws, regulations, the Hong Kong Listing Rules and relevant regulatory authorities under the premise of complying with the securities regulatory rules of the place where the Company's Shares are listed.

Approval shall be obtained from the Shareholders' meeting when the Company is to repurchase its own Shares under the circumstances (i) and (ii) set out above. If the share repurchase is made under any of the circumstances stipulated in (iii), (v) or (vi) aforementioned, centralized trading shall be adopted publicly, and a resolution of the Company's Board of Directors shall be made by a two-thirds majority of directors attending the meeting under the premise of complying with the applicable securities regulatory rules of the place where the Company's Shares are listed.

After the Company has repurchased its own shares in accordance with the preceding provision, the shares so repurchased shall be deregistered within ten days from the date of purchase (under the circumstances set out in (i)), or shall be transferred or deregistered within six months (under the circumstances set out in (ii), (iv)), and the shares of the Company repurchased by the Company under the circumstances set out in (iii), (v) and (vi) above shall not exceed ten percent of the total issued shares of the Company, and shall be transferred or deregistered within three years.

Transfer of Shares

Unless otherwise specified by laws, administrative regulations, departmental regulations, and securities regulatory rules of the place where the Company's Shares are listed, the Shares of the Company may be transferred in accordance with the law. The transfer of H Shares shall be registered in the shares registration in Hong Kong entrusted by the Company.

The Shares issued before the Company's public issuance of Shares shall not be transferred within one year from the date when the Company's Shares are listed and traded on a securities exchange.

The Directors, Supervisors and senior management of the Company shall notify the Company of their holding of Shares in the Company and changes of their holdings. The Shares transferable by them during each year of their tenures as determined when they assume the posts shall not exceed 25% of their total holdings of Shares of the Company. The Shares in the Company held by them are not transferable within 1 year from the date on which the Company's Shares are listed and

traded. The Shares in the Company held by them shall not be transferred within half year of their departure from the Company. If the listing rules of the place where the Company's Shares are listed have other provisions on the restrictions on the transfer of the Company's Shares, such provisions shall prevail.

Where the Directors, Supervisors, senior management of the Company and Shareholders holding five percent or more of the Company sell shares or any other securities of the nature of stock rights within a period of six months after the acquisition of them or repurchase them within six months after sales of them, any proceed arising therefrom shall belong to the Company, and the Board of the Company shall withdraw such gains for the benefit of the Company. Exception applies where a securities company holds more than 5% of the shares due to purchase of any remaining shares in a best efforts underwriting, or where there are any other circumstances stipulated by the China Securities Regulatory Commission.

Pledge of Shares

The Company shall not accept shares of its own as the subject matter of a pledge.

Financial Assistance for Acquisition of the Company's shares

The Company shall not provide any financial assistance by means of donation, loan, guarantee or other means for others to obtain the shares of the Company or the parent company thereof unless it carries out an employee stock ownership plan.

Subject to the provisions of laws, regulations, and securities regulatory rules of the place where the company's shares are listed, for the benefits of the Company, the Company may, upon a resolution by the Shareholders' Meeting or by the Board of Directors under the Articles of Association or the authorization of the Shareholders' Meeting, provide financial assistances for others to obtain the shares of the Company or the parent company thereof, provided that the total accumulative amount of the financial assistances shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Register of Shareholders

The Company shall set up a register of Shareholders based on the certificates provided by the securities registration agency. The register of Shareholders shall be sufficient evidence to the holding of the Shares of the Company by a Shareholder. The storage site of the original copy of the register of Shareholders of the shares listed on the Hong Kong Stock Exchange is Hong Kong.

If a Shareholder of overseas listed H shares loses share certificates and applies for a replacement issue, it may be handled in accordance with the laws, the rules of the stock exchanges or other relevant provisions of the storage site of the original copy of the register of Shareholders of the overseas listed H shares.

Where the Company holds a Shareholders' meeting, distributes dividends, undergoes liquidation or engages in other activities requiring the identification of the Shareholders, the date of registration of shares shall be determined by the Board of Directors or the convener of the Shareholders' meeting. The Shareholders who appear on the register of Shareholders after the close of trading on the date of registration of shares are entitled to the corresponding rights and interests as Shareholders.

Shareholders' Rights and Obligations

A shareholder shall enjoy rights and assume obligations according to the class of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Holders of the Shares of the Company shall be entitled to the following rights:

- to receive dividends and other distributions in proportion to the shares they hold;
- to file a petition, convene, hold, attend or send proxies to attend the Shareholders' meetings and exercise their corresponding right to speak and vote according to laws (unless individual Shareholders are required to waive their voting rights on specific matters in accordance with the relevant requirements of the place where the Company's Shares are listed);
- to supervise, present suggestions on or make inquiries about the operations of the Company;
- to transfer, donate, pledge their shares in accordance with laws, administrative regulations and the Articles of Association;
- to consult and copy the Articles of Association, the register of Shareholders, counterfoils of corporate bonds, minutes of Shareholders' meetings, resolutions of the Board meetings, resolutions of meetings of the Board of Supervisors, the financial and accounting reports of the Company and its wholly-owned subsidiaries;
- to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;
- to request the Company to purchase their Shares for the Shareholders who object to the company's resolution on merger or split-up made by the Shareholders' meetings; and
- to enjoy other rights stipulated by laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

In the event that any resolution of the Shareholders' meetings or resolution of the Board of Directors violates laws or administrative regulations, it shall be invalid.

In the event that the convening procedure or voting formula of the Shareholders' meetings or meetings of the Board of Directors violates any of laws, administrative regulations or the Articles of Association, or the 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, except where the procedures for convening a meeting of the Shareholders or the Board of Directors or the voting formula only has some minor defects, which produces no substantial effect on the resolution.

Any Shareholder who fails to be notified to attend the Shareholders' meeting may, within 60 days as of the day when it knows or ought to know that the resolution of the shareholders' meeting is made, request the people's court to cancel the resolution. If the right of cancellation is not exercised within one year as of the date when the resolution is made, it shall be extinguished.

Under any of the following circumstances, a resolution of the Shareholders' meeting or the board of directors shall be invalid:

(i) the resolution fails to be made at any Shareholders' meeting or meeting of the Board of Directors;

(ii) the Shareholders' meeting or meeting of the Board of Directors fails to vote on the resolution;

(iii) the number of persons attending the meeting or the number of the voting rights held by them fails to reach the number as prescribed by the PRC Company Law or the Articles of Association; or

(iv) the number of persons consenting to the resolution or the number of the voting rights held by them fails to reach the number as prescribed by the PRC Company Law or the Articles of Association.

Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management in the course of performing their duties, they shall be liable for compensation. Where any director or senior management is under the preceding circumstance, the Shareholders individually or jointly holding 1% or more of the Shares of the Company for over 180 consecutive days shall have the rights to request in writing to the Board of Supervisors to initiate legal proceedings in the People's Court. Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by the Board of Supervisors in the course of performing its duties, the aforesaid Shareholders shall have the rights to request in writing to the Board of Directors to initiate legal proceedings in the People's Court.

In the event that the Board of Supervisors or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our 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 court pursuant to the provisions of the preceding two paragraphs.

If a Director, Supervisor or senior management of a wholly-owned subsidiary of the Company is under the circumstance specified in the preceding paragraph, or if the legitimate rights and interests of a wholly-owned subsidiary of the Company are impaired by any other person, thus causing any losses, the Shareholders separately or aggregately holding 1% or more of the total shares of the Company for 180 consecutive days or more may request the Board of Supervisors or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people's court or directly files a lawsuit with the people's court in their own name.

In the event of a director or senior management person violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

Where any Director or senior management causes any damage to any other person in the performance of duties, the Company shall be liable for compensation. If any Director or senior management is intentional or gross negligent, he/she shall also be liable for compensation.

Where any Controlling Shareholder or Actual Controller of the Company instructs any Director or senior management to carry out any act damaging the interests of the Company or the Shareholders, it shall bear joint liability with the Director or senior management.

Holders of the shares of the Company shall assume the following obligations:

- to abide by the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association;
- to pay subscription monies according to the number of shares subscribed and the method of subscription;
- not to withdraw the shares unless required by the laws and administrative regulations;
- not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- other obligations imposed by the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Where any Shareholder of the Company abuses the Shareholders' rights and incur losses to the Company or other Shareholders, such Shareholder shall be liable for compensation. Where Shareholders of the Company abuse the Company's status as an independent legal entity and the

limited liability of Shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company.

Restrictions on Rights of Controlling Shareholders and Actual Controllers

The controlling shareholders and actual controllers of the Company shall not take advantage of their associated relationship to damage the Company's interests. Any loss caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and actual controllers of the Company are obliged to act in good faith to the Company and other shareholders. The controlling shareholders shall exercise their rights as capital contributors in strict accordance with the law and shall not impair the lawful rights and interests of the Company or of the general public shareholders of the Company by means of the distribution of profits, reorganization of assets, external investment, fund occupation, loan or guaranty, nor shall they make use of their controlling position to impair the interests of the Company or of the general public Shareholders of the Company.

A "controlling shareholder" refers to any Shareholder holding shares accounting for more than 50% of the total shares of the Company or any Shareholder who holds less than 50% of the total shares of the Company but enjoys voting rights that are sufficient to impose a significant impact on the resolutions of the Shareholders' meeting; or a Shareholder as defined by the securities regulatory rules of the place where the Company's Shares are listed.

Power of the Shareholders' Meeting and Matters to be Resolved

The Shareholders' meeting is the authority of the Company and shall exercise the following powers according to the laws:

(i) to decide the Company's operational directions and investment plans;

(ii) to elect and replace Directors and Supervisors who are not staff representatives and to determine matters relating to the remuneration of the directors and supervisors;

(iii) to consider and approve the reports of the Board of Directors;

(iv) to consider and approve the reports of the Board of Supervisors;

(v) to consider and approve the Company's annual financial budgets plans and final accounts plans;

(vi) to consider and approve the Company's profit distribution plans and loss recovery plans;

(vii) to make resolutions on increase or reduction of the Company's registered capital;

(viii) to make resolutions on the issuance of corporate bonds;

(ix) to make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;

(x) to amend the Articles of Association;

(xi) to make resolutions on the issue of appointment or dismissal of accounting firms;

(xii) to consider and approve the guarantee issues required to be approved by the Shareholders' meeting as prescribed in the Articles of Association;

(xiii) to consider the issues that the Company purchases or sells within one year any major assets of which the amount exceeds 30% of its latest audited total assets of the Company;

(xiv) to authorize the Board of Directors to make resolutions on the issuance of corporate bonds on the premise of complying with the relevant laws, regulations and securities regulatory rules of the place where the Company's Shares are listed;

(xv) to consider and approve matters relating to the modification of the purpose of raised fund;

(xvi) to consider the share incentive plans and employee stock ownership plans;

(xvii) to consider other issues which should be decided by the Shareholders' meeting as stipulated by the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The Company's provision of any of the following external guarantees is subject to the approval of the Shareholders' meeting:

(i) any external guarantee to be provided by the Company or any subsidiary it controls, whose total amount exceeds 50% of the Company's audited net assets in the latest period;

(ii) any guarantee to be provided after the Company's total amount of external guarantees exceeds 30% of the Company's total assets audited in the latest period;

(iii) the amount guaranteed by the Company within one year exceeds 30% of the Company's total assets audited in the latest period;

(iv) any guarantee to be provided for an entity whose ratio of liabilities to assets exceeds 70%;

(v) the amount of any single guarantee exceeds 10% of the Company's net assets audited in the latest period;

(vi) any guarantee to be provided for any shareholder, actual controller or related party; and

(vii) other external guarantee matters that shall be decided by the Shareholders' meeting in accordance with the relevant laws and regulations or the securities regulatory rules of the place where the Company's Shares are listed.

Convening, Proposal and Notice of the Shareholders' Meeting

A Shareholders' meeting shall either be an annual meeting or an extraordinary meeting. The annual Shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

The Company shall convene an extraordinary meeting within two months from the occurrence of any of the following circumstances:

(i) when the number of Directors is less than the statutory minimum number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;

(ii) when the unrecovered losses of the Company amount to one-third of the total paid-in share capital;

(iii) when the Shareholders with 10% or more shares of our Company separately or jointly request to convene such a meeting;

(iv) when the Board of Directors considers it necessary;

(v) when proposed to hold by the Board of Supervisors;

(vi) any other circumstances stipulated in the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

The shareholding ratio mentioned in (iii) is calculated based on the Company's Shares held by the Shareholders on the day when the Shareholders submit the written request.

If the extraordinary Shareholders' meeting is convened in accordance with the provisions of the securities regulatory rules of the place where the Company's Shares are listed, the actual date of the extraordinary Shareholders' meeting may be adjusted in accordance with the relevant rules of the stock exchange where the Company's Shares are listed (if applicable).

The Shareholders that separately or jointly hold 10% or more of the Shares of the Company may make a request to the Board of Directors for an extraordinary meeting and shall put forward such request to the Board of Directors in written form. Where the Board of Directors does not agree to hold an extraordinary meeting or fails to give feedback in writing within 10 days after it receives the request, the Shareholders who separately or jointly hold 10% or more of the Shares of the Company may propose to the Board of Supervisors to hold an extraordinary meeting, and shall put forward the request to the Board of Supervisors in writing. Where the Board of Supervisors fails to send out a notice within the prescribed time limit, it shall be deeded that the Board of Supervisors will not convene or preside over an extraordinary meeting, and Shareholders who separately or jointly hold 10% or more of the Shares of the Company for consecutive 90 days or more may convene and preside over the meeting themselves.

In the event that the Shareholders' meeting is convened, the Board of Directors, the Board of Supervisors and Shareholders who separately or jointly hold 1% or more of the shares of our Company may submit a proposal to the Company.

The Shareholders' meeting shall not vote and make a resolution for any proposal not specified in the notice of the Shareholders' meeting or not in conformity with the Articles of Association.

At least 21 days before convening an annual Shareholders' meeting, and 15 days before convening an extraordinary Shareholders' meeting, the convener shall inform all Shareholders in writing (including announcement), unless all Shareholders agree that the notice of the meeting may not be restricted by the notice period or notification regulations. When calculating the starting of the aforesaid "21 Days" and "15 days" periods, the Company shall not include the date convening the meeting shall be excluded, but the date of notice shall be included.

The notice of a Shareholders' meeting shall include the following details:

(i) the time, venue and duration of the meeting;

(ii) the matters and proposals submitted to be deliberated at the meeting;

(iii) a prominent written statement stating that all Shareholders entitled to attend the meeting and appoint a proxy by written to attend and vote, and such proxy need not be a Shareholder of the Company;

(iv) the date of registration of shareholdings of shareholders who are entitled to attend the Shareholders' meeting;

(v) the name and phone number of the standing contact person of the meeting;

(vi) the time and procedures of voting online or through other means.

The interval between the date of registration of shareholdings and the meeting shall not be more than 7 business days. The date of registration of shareholdings cannot be changed once determined.

Shareholder Proxies

All Shareholders registered on the date of registration of shareholdings or their proxies are entitled to attend the Shareholders' meetings, speak and exercise their voting rights at such meetings in accordance with relevant laws, administrative regulations, departmental regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association (unless individual shareholders are required to abstain from voting rights on specific matters in accordance with the securities regulatory rules of the place where the Company's Shares are listed).

Shareholders may attend the Shareholders' meeting in person or appoint proxies to attend, speak and vote in his or her place. The proxies may not necessarily be the Shareholders of the Company.

The power of attorney issued by a Shareholder for appointing proxies to attend the Shareholders' meeting shall contain instructions separately on affirmative, negative or abstention voting for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify whether the shareholder proxy could vote at his or her own discretion if the shareholder does not provide specific instructions.

The proxy appointment shall be signed by the appointer or a person duly authorized in writing. Where the appointer is a legal person, such appointment shall affix the stamp of the legal person, or be signed by its Director or a duly authorized agent.

If the power of attorney is signed by another person authorized by the appointer, the power of attorney or other authorization documents authorized to be signed must be verified by a notary. On the premise of not violating the relevant laws, regulations and regulatory rules of the place where the Company's Shares are listed, the power of attorney or other authorization documents verified by the notary must be kept together with the power of attorney at our residential address or other location designated at the notice convening the meeting.

A legal person shareholder should attend the meeting by its legal representatives or persons authorized by its Board of Directors or other decision-making authorities.

Voting and Resolutions of Shareholders' Meetings

Resolutions of a Shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by Shareholders (including proxies thereof) attending the Shareholders' meeting. Special resolutions shall be passed by votes representing more than two-thirds of the voting rights held by Shareholders (including proxies thereof) attending the Shareholders' meeting.

The following issues shall be approved by ordinary resolutions at a Shareholders' meeting:

(i) work reports of the Board of Directors and the Board of Supervisors;

(ii) plans drafted by the Board of Directors of earnings distribution and loss make-up schemes;

(iii) appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, and their payment and payment methods;

(iv) annual financial budgets and final accounts plans;

(v) annual reports of our Company;

(vi) appointment or dismissal of accounting firms by the Company, and the determination of their payment;

(vii) other matters other than those to be approved by special resolutions stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following issues shall be approved by special resolutions at a Shareholders' meeting:

(i) increase or reduction in the share capital of the Company;

(ii) division, split, merger, dissolution or liquidation of the Company;

(iii) amendment to the Articles of Association;

(iv) significant assets purchased or disposed or the guarantee amount by the Company within one year exceeds 30% of the Company's latest audited total assets;

(v) share equity incentive plans;

(vi) other matters stipulated by the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association and those, according to an ordinary resolution of the Shareholders' meeting, may have a significant impact on the Company and require adoption by means of a special resolution.

Shareholders (including their proxies) exercise voting power with the number of voting shares represented by them, and each share has one vote, except as otherwise provided by laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's Shares are listed.

Where material issues affecting the interests of small and medium investors are being considered at the Shareholders' meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner according to the relevant laws, regulations and securities regulatory rules of the place where the Company's Shares are listed.

The shares held by the Company itself have no voting rights, and such shares shall not be counted in the total number of voting shares upon attendance at a Shareholders' meeting.

Where any Shareholder is, under applicable laws and regulation and the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

When a related transaction is considered at a Shareholders' meeting, the related shareholders may make appropriate statements on the transaction, but shall not participate in the voting of the transaction, and the voting shares represented by them shall not be counted in the total number of valid voting shares. The related transaction shall be voted on by the non-related shareholders present at the meeting, and the approval shall be passed by a majority of the valid voting rights in favor of the related transaction, or if the transaction falls within the scope of a special resolution,

by more than two-thirds of the valid voting rights. The announcement of any resolution made at the Shareholders' meeting shall adequately disclose information relating to voting by non-related shareholders.

Other than the proposals to be considered by the cumulative voting system, the Shareholders' meeting shall vote on all proposals one by one. For different proposals on the same matter, voting shall be proceeded according to the time order of these proposals. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the Shareholders' meeting shall not put aside the proposals or withhold from voting.

When Shareholders' meeting is voting on any proposals, lawyers, Shareholders' representatives and Supervisors' representatives shall be jointly responsible for vote counting and scrutinizing, and the voting results shall be announced in the meeting and recorded in the minutes.

DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

Qualifications

None of the following natural persons shall serve as our Director:

- persons without civil capacity or with limited civil capacity;
- persons who have committed offences relating to corruption, bribery, embezzlement, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, or who have been deprived of their political rights due to the commission of a criminal offense, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;
- persons who were former directors, factory directors or managers of a company or enterprise bankrupt and liquidated and were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- persons who were legal representatives of a company or enterprise which had its business license revoked and operation ordered to close due to violation of the laws and were personally liable, where less than three years have elapsed since the date of the revocation of business license or the order for closure;
- persons who are listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts;
- persons who are prohibited from entering into the securities market by the CSRC for a period which has not yet expired; or
- other persons specified by the laws, administrative regulations, departmental regulations or listing rules of the place where the Company's Shares are listed.

Any election or appointment of the Directors in contravention of the above-mentioned paragraph shall be invalid. If the Directors fall into the above-mentioned situations during their term of office, they would be dismissed by our Company.

The circumstances which prohibit a person from serving as a Director under the Articles of Association shall also apply to Supervisors and senior management.

Duties

A director shall comply with the laws, administrative regulations and the Articles of Association and has the following fiduciary obligations to the Company:

(i) not to exploit his position to accept bribes or to obtain other illegal income, and to expropriate the Company's property;

(ii) not to misappropriate the Company's funds;

(iii) not to open any account in his own name or in others' name for the deposit of the Company's assets or funds;

(iv) not to violate the provisions of the Articles of Association by lending the Company's funds to others or using the Company's assets to provide guarantee for others without the consent of the Shareholders' meeting or the Board of Directors;

(v) not to accept commissions in connection with the Company's transactions as his/her own;

(vi) not to disclose the secrets of the Company without consent, not to disclose material information that has not yet been disclosed, or not to use inside information to obtain illegal benefits, and to perform the non-compete obligations agreed with the Company after leaving the Company;

(vii) not to make use of their related-party relationship to harm the interests of the Company;

(viii) to safeguard the interests of the Company and all Shareholders, and not to harm the interests of the Company for the interests of the actual controllers, Shareholders, employees, himself/herself or other third parties;

(ix) to be bound by other fiduciary obligations stipulated by the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Where any Director directly or indirectly concludes a contract or conducts a transaction with the Company, he/she shall report the matters relating to the conclusion of the contract or transaction to the Board of Directors or Shareholders' meeting, which shall be subject to the resolution of the Board of Directors or Shareholders' meeting according to the Articles of Association.

Where any of the near relatives of the Directors or any of the enterprises directly or indirectly controlled by the Directors or any of their near relatives, or any of the related parties who has any other related-party relationship with the Directors concludes a contract or conducts a transaction with the Company, the provisions of the preceding paragraph shall apply.

No Director may take advantage of his/her position to seek any business opportunity that belongs to the Company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the Board of Directors or the Shareholders' meeting and has been approved by a resolution of the Board of Directors or the Shareholders' meeting according to the Articles of Association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any Director fails to report to the Board of Directors or the Shareholders' meeting and obtain an approval by resolution of the Board of Directors or the Shareholders' meeting according to the Articles of Association, he/she may not engage in any business that is similar to that of the Company for himself/herself or for any other person.

Any gain arising from the breach of the above obligation by the Director shall belong to the Company. He/she shall be liable for compensation for any loss of the Company arising therefrom.

A director shall comply with the laws, administrative regulations and the Articles of Association and shall perform the following duties of diligence to the Company:

(i) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure the Company's commercial acts in compliance with laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;

(ii) to treat all Shareholders equally;

(iii) to understand the business operation and management of the Company in a timely manner and report relevant issues and risks to the Board of Directors in a timely manner, and not to claim exemption from liability on the grounds that he/she is not familiar with the company's business or do not understand relevant matters;

(iv) to sign written confirmation on regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

(v) to provide relevant information and materials to the Board of Supervisors truthfully and not to intervene the performance of the Board of Supervisors or Supervisors of their duties and powers;

(vi) to ensure that there is sufficient time and energy to participate in the affairs of the Company, and prudently judge the risks and benefits that may arise from the matters under consideration; to attend the meetings of the Board of Directors in person in principle, and if other directors are authorized to attend on his/her behalf for any reason, the trustee shall be carefully selected, and the authorization matters and decision-making intentions shall be specific and clear, and shall not be fully delegated;

(vii) to actively promote the standardized operation of the Company, to urge the Company to fulfill its information disclosure obligations, to correct and report the Company's violations in a timely manner, and to support the Company to fulfill its social responsibilities;

(viii) to perform other duties of diligence stipulated by the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Supervisors shall comply with laws, administrative regulations and the Articles of Association, and shall bear the fiduciary obligations and duties of diligence to the Company. They shall not use their powers to accept bribes or other illegal income, nor shall they embezzle the company's property.

The fiduciary obligations of Directors under the Articles of Association and the duty of diligence in items (iv), (v) and (vi) of the Articles of Association shall also apply to senior management.

In case of the resignation or the expiration of term of office of the Directors, all handover procedures shall be handled with the Board of Directors. The fiduciary obligations of the Directors to the Company and the Shareholders will not necessarily be removed after the end of the term, and shall remain in force for a reasonable period of time specified in the Articles of Association. The obligations to keep the Company's commercial secrets remains at the end of term of office until the secrets become public. The specific period for Directors to assume the fiduciary obligations after the resignation takes effect or the term of office expires is one year from the date thereof. Other duties may continue for such period determined according to the principle of fairness, depending on the time lapse between the event concerned and the departure, and the circumstances and conditions under which the relationships between them and the Company are terminated.

Any Director, Supervisor or senior management who violates laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed, or the Articles of Association in performing his/her duties and thereby causes losses to the Company shall be liable for compensation.

Directors

Directors shall be elected or replaced by the Shareholders' meetings, and shall be dismissed by the Shareholders' meetings before the expiration of the term of office. The term of office of a Director shall be three years. Upon the expiration of the term of office, a Director shall be eligible to for re-election and reappointment in accordance with the provisions of the securities regulatory rules of the place where the Company's Shares are listed.

The term of office of a Director shall commence from the date on which the said director assumes office to the expiry of the current session of the Board. If the term of office of a Director expires but re-election is not made correspondingly on a timely basis, the original Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental regulations and the Articles of Association until the incoming director assumes his/her position.

Any person appointed by the Board of Directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual meeting of the issuer after his appointment, and shall then be eligible for re-election.

General manager or senior management officers may concurrently serve as a director, provided that the aggregate number of directors who concurrently serve as general manager or senior management and directors who are staff representatives shall not exceed one-half of the total number of directors of the Company.

If any director fails to attend in person or appoint other directors as his/her representative to attend meetings of the Board for two consecutive times, such director shall be deemed as unable to perform his duties, and the Board shall propose to replace such director at the Shareholders' meeting.

The directors may resign before the expiration of their term of office. Where the number of directors on the Board is lower than the quorum due to the resignation of directors, the original directors shall, before the re-elected directors assume positions, still perform their duties in accordance with the laws, administrative regulations, departmental regulations and the Articles of Association. Otherwise, the resignation of directors shall come into effect upon the service of resignation reports to the Board.

No director shall act for the Company or the Board of Directors in his/her own name unless stipulated in the Articles of Association or legally authorized by the Board of Directors. Where a director acts in his/her own name in a situation where a third party may reasonably believe that such director is acting for the Company or the Board, such director shall declare in advance his/her stance and identity.

The Board of Directors

The Company shall have a board accountable to the Shareholders' meeting. The Board shall consist of nine directors, including three Independent Non-Executive Directors, and have a chairman and a vice chairman.

The Board shall perform the following duties:

(i) to convene Shareholders' meetings and report to Shareholders' meetings;

(ii) to implement the resolutions of the Shareholders' meetings;

(iii) to determine business operation plans and investment plans of the Company;

(iv) to formulate annual financial budget and account plans of the Company;

(v) to formulate the profit distribution plans and loss recovery plans of the Company;

(vi) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vii) to develop plans for major acquisitions, the repurchase of Shares of the Company, merger, division, dissolution and change of form of our Company;

(viii) to determine such matters as our Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, related-party transaction and external donation within the scope authorized by the Shareholders' meeting;

(ix) to decide on the setup of the Company's internal management organizations;

(x) to appoint or dismiss the Company's General Manager and secretary of the Board of Directors, and to determine their remuneration, rewards and punishments; based on the nominations of General Manager, to appoint or dismiss Deputy General Manager, chief financial officer and other senior management and to determine their remuneration, rewards and punishments;

(xi) to formulate the basic management systems of the Company;

(xii) to formulate plans for any amendments to the Articles of Association;

(xiii) to manage the disclosure of information of the Company;

(xiv) to propose the appointment or replacement of the accounting firm that provides auditing services for our Company at the Shareholders' meeting;

(xv) to listen to the work report of the General Manager of the Company and examine the General Manager's work;

(xvi) to review the matters that shall be decided by the Board of Directors as stipulated in laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association; and

(xvii) other duties and powers stipulated by the laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

Any events beyond the authorization scope of the Shareholders' meeting shall be submitted to the Shareholders' meeting for approval.

The Board shall make explanation at the Shareholders' meeting for the non-standard audit opinions on the financial report of the Company issued by the certified public accountant.

The Board shall formulate the rules of procedures of the Board to ensure the implementation of resolutions of the Shareholders' meeting, enhance the working efficiency and ensure the scientific decision making.

Meetings of the Board shall be held regularly at least four times each year, approximately once a quarter. The meetings shall be convened by the chairman of the Board with Written notices delivered to all directors and supervisors at least 14 days before the meetings. The method of notification for an extraordinary meeting of the Board of Directors shall be in writing, and the time limit for notification shall be 3 days in advance. However, if the directors attending the meeting have no objection or the matter is urgent, the above time limit may not be observed and the meeting may be noticed at any time by phone or other verbal means.

Meetings of the Board shall be held only if more than one-half of the directors are present. When the Board makes a resolution, it shall require the affirmative votes of more than half of all the directors. When voting on a board resolution, each director shall have one vote.

The following matters shall be approved by a majority of all members of the Audit Committee before the Board of Directors making a resolution:

(i) hiring or dismissing the accounting firm that undertakes the company's audit business;

(ii) appointing or dismissing the chief financial officer;

(iii) disclosure of financial and accounting reports;

(iv) other matters stipulated by the securities regulatory authority of the State Council.

Where a director who is related to the enterprises or individual involved in a resolution of the meeting of the Board, such director shall submit a written report to the Board of Directors in a timely manner. Any Director with any connected relationship shall neither exercise his/her voting rights nor exercise another director's voting rights as a proxy. Such meeting of the Board shall be held only when attended by more than half of the directors unconnected, and the resolution of the meeting of the Board shall be approved by more than half of such unconnected directors. In case of less than three unconnected directors present at the meeting, such matter shall be submitted to the

Shareholders' meeting for deliberation. If there are any additional restrictions on directors' participation in meetings of the Board and voting in the laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed, such provisions shall prevail.

A director shall attend the meeting of the Board in person. If a director is unable to attend a meeting of the Board, he/she may appoint another director by a written power of attorney to attend on his/her behalf. Such a power of attorney shall specify the name of the proxy, the matters to be represented, the scope of authorization and the expiration date, and shall be signed or sealed by the principal.

Secretary of the Board of Directors

Our Company shall have secretary of the Board of Directors, who shall be responsible for preparation and retention of documentation for the Shareholders' meetings and meetings of the Board, management of Shareholders' information, and matters relating to the disclosure of information.

The Secretary of the Board of Directors shall abide by laws, administrative regulations, departmental regulations and the Articles of Association.

The Board of Supervisors

The Company shall have Board of Supervisors. The Board of Supervisors shall consist of three supervisors, including a chairman and may have vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all Supervisors.

The members of the Board of Supervisors shall be composed of shareholder representatives and an appropriate proportion of company staff representatives, and the proportion of employee's representatives shall not be less than one-third. Employee's representatives on the Board of Supervisors shall be democratically elected by employees through the employee representative congress, the employee congress, or other means. The Directors, General Manager and other senior management shall not also serve as Supervisors.

The Supervisors serve three-year terms. The Supervisors may, after the expiration of the term of office, be re-elected and re-appointed.

The Board of Supervisors shall exercise the following powers:

(i) to review the periodical reports of the Company prepared by the Board and to provide comments in writing;

(ii) to inspect the financial position of the Company;

(iii) to supervise acts of the performance of duties of the Directors and senior management and to advise the dismissal of any Directors or senior management who violates the laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' meetings;

(iv) to demand rectification of the Directors and senior management where their conducts are detrimental to the interests of the Company;

(v) to propose to convene an extraordinary Shareholders' meeting and to convene and preside over the Shareholders' meeting if the Board of Directors fails to do so as required by the PRC Company Law;

(vi) to submit proposals at a Shareholders' meeting;

(vii) to take legal actions against Directors and senior management in accordance with Article 189 of the PRC Company Law;

(viii) to investigate if there is any abnormal condition of the Company's operation; and, if necessary, to engage professional institutions, such as accounting firms or law firms, to assist its work with expenses borne by the Company;

(ix) to require Directors and senior management to submit reports on the performance of their duties. Directors and senior management shall truthfully provide relevant information to the Board of Supervisors, and shall not obstruct the Board of Supervisors or Supervisors from exercising their powers;

(x) other duties and powers stipulated in laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

The supervisors may attend the meetings of the Board of Directors and raise inquiries or suggestions on resolutions to be adopted by the Board of Directors.

The Board of Supervisors shall hold meetings no less than once every six months. Any Supervisor may propose an extraordinary meeting for the Board of Supervisors.

The meetings of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is unable or fails to perform his/her duties, the vice chairman shall convene and preside over the meetings of the Board of Supervisors. Where the vice chairman is unable or fails to perform his/her duties, the meetings of the Board of Supervisors shall be convened and presided over by a Supervisor jointly elected by a majority of Supervisors.

Resolutions of the Board of Supervisors shall require approval from a majority of Supervisors.

General Manager

The Company shall have one General Manager who shall be appointed or dismissed by the Board of Directors.

The General Manager of the Company shall be responsible to the Board of Directors and exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management, to organize the implementation of the resolutions of the Board of Directors, and to report the work to the Board of Directors;

(ii) to organize the implementation of the Company's annual operation plans and investment schemes;

(iii) to draft the plan for establishing the internal management bodies of our Company;

(iv) to draft the Company's fundamental management system;

(v) to formulate the Company's specific regulations;

(vi) to propose the appointment or dismissal of the Company's deputy general manager and the chief financial officer;

(vii) to appoint or dismiss officers except those who shall be appointed or dismissed by the Board of Directors;

(viii) other functions and powers granted by the Articles of Association or the Board of Directors.

General Manager shall attend meetings of the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting Systems

The Company shall establish its financial and accounting systems in accordance with the laws and administrative regulations and the requirements of the relevant governmental authorities.

The annual report shall be submitted and published in accordance with relevant regulatory requirements within 4 months from the end of the financial year. The interim financial report shall be submitted and published in accordance with relevant regulatory requirements within 2 months from the end of the first six months of the financial year.

The annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations, departmental regulations and the provisions of the place where the Company's Shares are listed.

Except for the legally prescribed accounting books, the Company shall not set up other accounting books. The funds of the Company shall not be kept under the name of any individual.

Reserves

In the distribution of the profit after tax of the year, 10% of the profit shall be contributed to statutory reserve of the Company. When the aggregate statutory reserve of the Company has reached 50% or more of the registered capital, the Company may cease to make further contribution.

Where the statutory reserve is insufficient to recover the losses for the previous year, the losses shall be made up by the profits of that year before contributing to the statutory reserves as stipulated above.

Subject to the resolution of Shareholders' meeting, the Company may also appropriate fund to discretionary surplus reserve from profit after tax upon the appropriate of fund to statutory reserve.

The Company may distribute profits after tax in accordance with the proportion of shareholdings after making up for losses and making allocations to reserves, except as otherwise provided in the Articles of Association.

If the Shareholders' meeting violates the above provisions and profits are distributed to the Shareholders before the Company making up for losses and making allocations to the statutory reserve, the profits distributed in violation of the provisions shall be returned to our Company by such Shareholders; and the Shareholders and the liable Directors, Supervisors and senior management shall be liable for compensation if any loss is caused to the Company.

The shares held by our Company itself shall not be subject to profit distribution.

Our Company's reserves shall be used for offsetting losses of our Company, expanding the production and operation or for conversion into capital to increase our capital. Where the reserve of the Company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the remaining statutory reserve shall not be less than 25% of the registered capital of our Company before such conversion.

Dividends and Other Methods of Profit Distribution

The Company may distribute dividends in cash, in Shares, in combination of cash and Shares or other lawful methods and shall give priority to distributing dividends in cash, but the distribution of profits shall not exceed the range of cumulative distributable profits.

After the Shareholders' meeting of our Company makes a resolution on dividends distribution plan, the Board of Directors shall complete the distribution within 2 months after the convening of the Shareholders' meeting.

Internal Audit

The Company shall adopt an internal audit system and designate full-time auditors to supervise by internal auditing of financial incomes and expenses as well as the economic activities of the Company.

The internal audit system of the Company and the duties of auditors shall be implemented upon the approval of the Board of Directors. The person in charge of audit is accountable to and reports to the Board of Directors.

Appointment and Dismissal of Accounting Firm

The Company shall appoint an independent accounting firm which conforms to the provisions of the PRC Securities Law to audit the financial statements, verify the net assets and provide other relevant consultancy services. The term of appointment is one year, from the end of each Shareholders' annual meeting to the end of next Shareholders' annual meeting, and may be extended.

The accounting firm employed by the Company must be determined by the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm before the decision of the Shareholders' meeting, except as provided in the Articles of Association.

A 30-day prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is voted at the Shareholders' meeting.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

- the business period expires or any other circumstance of dissolution specified in the Articles of Association occurs;
- a resolution on dissolution is passed by the Shareholders' meeting;
- dissolution is required due to the merger or division of the Company;
- the business license of the Company is revoked or the Company is ordered to close down or deregistered according to applicable laws;
- where there is any serious difficulty in the Company's operation and management and the Company's continuation may cause substantial loss in Shareholders' interests, and the difficulty cannot be solved by other means, Shareholders holding 10% or more of the total voting rights of the Company may request the People's Court to dissolve the Company.

Where the Company falls under the first and second situation described above, and has not distributed the assets to the Shareholders yet, the Company may continue to exist by amending the Articles of Association or upon a resolution of the Shareholders' meeting.

If the Company is being dissolved under the first, second, fourth or fifth circumstance described above, it shall be liquidated.

The Directors, who are the liquidation obligors of the Company, shall form a liquidation group within 15 days from the date of the cause of dissolution occurred to carry out the liquidation. The liquidation group shall be composed of the Directors, unless it is otherwise provided for in the Articles of Association or it is otherwise elected by the Shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the Company or the creditors.

If a liquidation group is not set up within the specified period or fails to carry out the liquidation after its formation, any interested party may apply to the People's Court for appointment of relevant persons to form a liquidation group to carry out the liquidation.

The liquidation group may exercise the following functions during the period of liquidation:

- to sort out the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- to notify the creditors by notice or announcement;
- to deal with the outstanding affairs of the Company connected with the liquidation;
- to pay off the outstanding taxes as well as the taxes arising in the course of liquidation;
- to sort out the creditors' rights and debts;
- to distribute the remaining properties of the Company after the settlement of debts;
- to represent the Company in any civil proceedings.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and make public announcement on eligible media and the HKEXnews website (**www.hkexnews.hk**) within 60 days of its establishment. Creditors shall report their claims to the liquidation group within 30 days after receipt of the notice, or within 45 days from the date of the announcement if they do not receive the notice.

Creditors shall provide explanation for the relevant particulars and supporting materials upon declaration of such claims. The liquidation group shall register the creditors' claims.

During the period for declaration of claims the liquidation group shall not make any repayment to creditors.

After sorting out the properties of the Company and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan for the confirmation of the Shareholders' meeting or the People's Court.

The remaining properties of the Company, after payment of liquidation expenses, employees' wages, social insurance contribution and statutory compensation, and outstanding taxes and debts of the Company, shall be distributed to Shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The properties of the Company shall not be distributed to Shareholders before the payments have been made in accordance with the preceding paragraph.

If the liquidation group, after sorting out the properties of the Company and preparing a balance sheet and an inventory of assets, finds that its properties are insufficient to settle its debts, it shall apply to the People's Court for bankruptcy liquidation.

After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of liquidation, the liquidation group shall prepare a liquidation report for the confirmation of the Shareholders' meeting or the People's Court, and shall submit the aforesaid documents to the company registration authority, and apply for deregistration of the Company.

AMENDMENTS OF THE ARTICLES OF ASSOCIATION

In any of the following circumstances, our Company shall amend the Articles of Association:

(i) where, upon amendments to the PRC Company Law, relevant laws, administrative regulations or securities regulatory rules of the place where the Company's Shares are listed, any terms contained in the Articles become inconsistent with the provisions of the amended laws, administrative regulations or securities regulatory rules of the place where the Company's Shares are listed;

(ii) where a change in our Company's circumstances causes inconsistency with those contained in the Articles; or

(iii) where a resolution is passed by the Shareholders' meeting to amend the Articles.

Where the amendments to the Articles of Association passed by the Shareholders' meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendments to the Articles of Association involves registration, the registration change shall be carried out in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was established as a limited liability company in the PRC on July 11, 2002 and was converted into a joint stock company with limited liability on May 8, 2021. As of the Latest Practicable Date, the registered capital of our Company was RMB350,000,000.

Our Company has established a place of business in Hong Kong at Unit 02, 8/F, Tung Che Commercial Centre, 246 Des Voeux Road West, Hong Kong. Our Company was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on January 25, 2024. Chan Yik Pun has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix V and Appendix VI to this prospectus, respectively.

2. Changes in Share Capital of Our Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in "History, Development and Corporate Structure — Our Subsidiaries" and Note 1 to the Accountants' Report as set out in Appendix I to this prospectus.

Save as disclosed in "History, Development and Corporate Structure — Our Subsidiaries", there has been no alteration in the registered capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Resolutions Passed by Our Shareholders

At the extraordinary general meeting of our Company held on December 28, 2023, among other things, the following resolutions were passed by the Shareholders:

(i) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;

(ii) the number of H shares to be issued shall be no more than approximately 25% of the total enlarged share capital upon completion of the Global Offering;

(iii) the net proceeds from the Global Offering shall be applied for the purposes as disclosed in the section headed "Future Plans and Use of Proceeds" of this prospectus;

(iv) subject to the CSRC's approval, upon completion of the Global Offering, 213,003,337 Unlisted Shares in aggregate of our Company will be converted into H Shares; and

(v) the authorization of the Board or its authorized individual(s) to handle all matters relating to, among other things, the Global Offering and the issue and listing of H Shares on the Stock Exchange.

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on December 28, 2023, among other matters, the Articles of Association was further amended, approved and adopted and shall become effective upon the Listing.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or any member of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(i) the Hong Kong Underwriting Agreement;

(ii) the cornerstone investment agreement dated October 17, 2024 entered into among the Company, Novotech SG Holdings Pte. Ltd., CCB International Capital Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which Novotech SG Holdings Pte. Ltd. agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US$3,000,000 (inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);

(iii) the cornerstone investment agreement (基石投資協議） dated October 17, 2024 entered into among the Company, Baheal Wellness Industry International Trading Limited (百洋健康產業國際商貿有限公司), CCB International Capital Limited (建銀國際金融有限公司) and China Securities (International) Corporate Finance Company Limited (中信建投(國際)融資有限公司), pursuant to which Baheal Wellness Industry International Trading Limited (百洋健康產業國際商貿有限公司) agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US$2,000,000 (inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);

(iv) the cornerstone investment agreement dated October 17, 2024 entered into among the Company, SilkyWater Absolute Return LPF, CCB International Capital Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which SilkyWater Absolute Return LPF agreed to subscribe for such number of H Shares at the

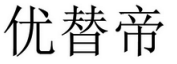
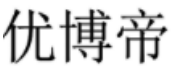
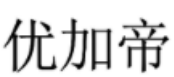
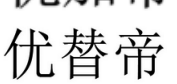
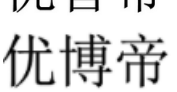
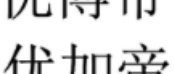
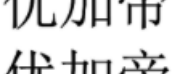
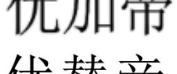
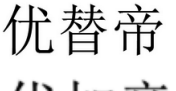
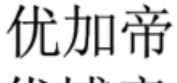
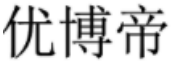
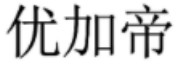
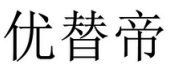
Offer Price in an aggregate investment amount of US$8,000,000 (inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy); and

(v) the cornerstone investment agreement dated October 17, 2024 entered into among the Company, Wealth Strategy Holding Limited, CCB International Capital Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which Wealth Strategy Holding Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US$10,000,000 (exclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy).

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Date of Registration	Expiry Date
1		5	Our Company	PRC	10941749	August 28, 2023	August 27, 2033
2		5	Our Company	PRC	50857796	August 14, 2021	August 13, 2031
3		5	Our Company	PRC	50870654	August 28, 2021	August 27, 2031
4		38	Our Company	PRC	69938701	August 21, 2023	August 20, 2033
5		38	Our Company	PRC	69934837	August 21, 2023	August 20, 2033
6		42	Our Company	PRC	69949389	August 21, 2023	August 20, 2033
7		38	Our Company	PRC	69945956	August 21, 2023	August 20, 2033
8		9	Our Company	PRC	69945895	August 21, 2023	August 20, 2033
9		9	Our Company	PRC	69939509	August 21, 2023	August 20, 2033
10		16	Our Company	PRC	69934822	August 21, 2023	August 20, 2033
11		16	Our Company	PRC	69929498	August 21, 2023	August 20, 2033
12		16	Our Company	PRC	69941828	August 21, 2023	August 20, 2033
13		42	Our Company	PRC	69936343	August 21, 2023	August 20, 2033

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Date of Registration	Expiry Date
14	优加帝	41	Our Company	PRC	69938734	August 21, 2023	August 20, 2033
15	优博帝	41	Our Company	PRC	69936329	August 21, 2023	August 20, 2033
16	优替帝	42	Our Company	PRC	69955747	August 21, 2023	August 20, 2033
17	优替帝	41	Our Company	PRC	69932122	August 21, 2023	August 20, 2033
18	优博帝	9	Our Company	PRC	69952473	November 7, 2023	November 6, 2033
19	Utidelone	5	Chengdu Biostar	PRC	31782713	May 21, 2019	May 20, 2029
20	Utidelone	35	Chengdu Biostar	PRC	31765180	May 14, 2019	May 13, 2029
21	优替德隆	5	Chengdu Biostar	PRC	31760483	May 14, 2019	May 13, 2029
22	优替德隆	35	Chengdu Biostar	PRC	31777477	May 14, 2019	May 13, 2029
23	Biostar	41	Chengdu Biostar	PRC	29018065	January 21, 2019	January 20, 2029
24	Biostar	5	Chengdu Biostar	PRC	20847263	September 21, 2018	September 20, 2028
25	CN-Biostar	5	Chengdu Biostar	PRC	20847296	September 28, 2017	September 27, 2027
26	优替帝	35	Chengdu Biostar	PRC	20847396	September 28, 2017	September 27, 2027
27		5、35	Chengdu Biostar	PRC	20847148	September 28, 2017	September 27, 2027
28	华昊中天	5、35、42、44	Chengdu Biostar	PRC	20847018	October 28, 2018	October 27, 2028
29	优加帝	35	Chengdu Biostar	PRC	50699342	June 14, 2021	June 13, 2031
30	优博帝	35	Chengdu Biostar	PRC	50702273	June 21, 2021	June 20, 2031
31	BIOSTAR	35	Chengdu Biostar	PRC	61332218	November 7, 2022	November 6, 2032
32	华昊中天	16	Chengdu Biostar	PRC	69961399	August 21, 2023	August 20, 2033
33	优替德隆	16	Chengdu Biostar	PRC	69966764	August 21, 2023	August 20, 2033
34	优替德隆	38	Chengdu Biostar	PRC	69960253	August 14, 2023	August 13, 2033
35	UTIDELONE	5	Chengdu Biostar	PRC	69963455	August 21, 2023	August 20, 2033

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Date of Registration	Expiry Date
36	Utidelone	38	Chengdu Biostar	PRC	69966790	August 21, 2023	August 20, 2033
37	UTIDELONE	38	Chengdu Biostar	PRC	69959549	August 21, 2023	August 20, 2033
38	BIOSTAR	38	Chengdu Biostar	PRC	69963068	August 21, 2023	August 20, 2033
39	Utidelone	16	Chengdu Biostar	PRC	69963610	August 21, 2023	August 20, 2033
40	UTIDELONE	9	Chengdu Biostar	PRC	69965323	August 21, 2023	August 20, 2033
41	华昊中天	38	Chengdu Biostar	PRC	69958548	August 14, 2023	August 13, 2033
42	Utidelone	9	Chengdu Biostar	PRC	69964317	August 21, 2023	August 20, 2033
43		42、44	Chengdu Biostar	PRC	20847718	August 21, 2023	August 20, 2033
44	UTIDELONE	16	Chengdu Biostar	PRC	69965772	August 28, 2023	August 27, 2033
45	UTIDELONE	35	Chengdu Biostar	PRC	69966777	August 28, 2023	August 27, 2033
46	Utidelone	41	Chengdu Biostar	PRC	69967387	August 28, 2023	August 27, 2033
47	优替德隆	41	Chengdu Biostar	PRC	69969685	August 28, 2023	August 27, 2033
48	UTIDELONE	41	Chengdu Biostar	PRC	69967386	August 28, 2023	August 27, 2033
49	优替德隆	42	Chengdu Biostar	PRC	69967403	August 28, 2023	August 27, 2033
50	BIOSTAR	41	Chengdu Biostar	PRC	69968094	August 28, 2023	August 27, 2033
51	Utidelone	42	Chengdu Biostar	PRC	69966918	August 28, 2023	August 27, 2033
52	UTIDELONE	42	Chengdu Biostar	PRC	69969986	August 28, 2023	August 27, 2033
53		38	Chengdu Biostar	PRC	69961444	October 14, 2023	October 13, 2033
54	Biostar	38	Chengdu Biostar	PRC	69963070	October 14, 2023	October 13, 2033
55		16	Chengdu Biostar	PRC	69961405	October 14, 2023	October 13, 2033
56		38	Chengdu Biostar	PRC	69965816	November 7, 2023	November 6, 2033
57	Biostar	16	Chengdu Biostar	PRC	69960197	January 14, 2024	January 13, 2034

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Date of Registration	Expiry Date
58	Biostar	35	Chengdu Biostar	PRC	69962755	January 14, 2024	January 13, 2034
59		9	Chengdu Biostar	PRC	69964831	January 14, 2024	January 13, 2034
60	BIOSTAR	16	Chengdu Biostar	PRC	69961387	January 21, 2024	January 20, 2034
61	华昊中天	42	Chengdu Biostar	PRC	69963568	August 14, 2024	August 13, 2034
62	华昊中天	42	Chengdu Biostar	PRC	69967628	September 7, 2024	September 6, 2034
63	优替德隆	9	Chengdu Biostar	PRC	69959065	September 7, 2024	September 6, 2034
64		5, 35	Chengdu Biostar	Hong Kong	306410420	November 24, 2023	November 23, 2033
65		5, 35	Chengdu Biostar	Hong Kong	306410439	November 24, 2023	November 23, 2033
66	华昊中天 Biostar	5, 35	Chengdu Biostar	Hong Kong	306410448	November 24, 2023	November 23, 2033
67		5, 35	Chengdu Biostar	Hong Kong	306410457	November 24, 2023	November 23, 2033

Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights which we consider to be material to our business:

No.	Name	Copyright Owner	Type	Registration Number	Date of Completion	Date of Registration	Date of First Publication
1	优替帝	Our Company	Artistic work	國作登字-2023-F-00091654	July 12, 2002	May 17, 2023	July 12, 2002
2	Stride Forward (跨步向前)	Chengdu Biostar	Artistic work	川作登字-2016-F-00044473	June 06, 2016	August 25, 2016	Unpublished
3	Biostar	Chengdu Biostar	Artistic work	川作登字-2016-F-00044474	June 06, 2016	August 25, 2016	Unpublished
4	CN-Biostar	Chengdu Biostar	Artistic work	川作登字-2016-F-00044475	June 06, 2016	August 25, 2016	Unpublished
5	Biostar (華昊中天)	Chengdu Biostar	Artistic work	川作登字-2016-F-00044476	June 06, 2016	August 25, 2016	Unpublished
6	Set Sail (揚帆起航)	Chengdu Biostar	Artistic work	川作登字-2016-F-00044477	June 06, 2016	August 25, 2016	Unpublished
7	High Noon (如日中天)	Chengdu Biostar	Artistic work	川作登字-2016-F-00044478	June 06, 2016	August 25, 2016	Unpublished

Domain Names

As of the Latest Practicable Date, our Company has registered the following domain name(s) which we consider to be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1	biostar-pharm.com	Our Company	June 15, 2011	June 15, 2032
2	北京华昊中天.cn	Our Company	December 26, 2022	December 26, 2028
3	华昊中天.cn	Our Company	December 26, 2022	December 26, 2028

Patents

For a discussion of the details of the material patents and patent applications of our Core Product, please refer to the section headed "Business — Intellectual Property" in this prospectus.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUPERVISORS

1. Disclosure of Interests

Disclosure of Interests of Directors, Supervisors and Chief Executive of our Company

Immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, the interests and/or short positions (as applicable) of the Directors, Supervisors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the

Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Name of Director, Supervisor or Chief Executive	Nature of Interest	Description of the Shares	Number of Shares Held or Interested[3]	Approximate percentage of interest in our Company[1]	Approximate percentage of interest in the Unlisted Shares/H Shares[3] (as appropriate)
Dr. Tang Li[2]	Beneficial owner; interest of spouse; interest in controlled corporations	Unlisted Shares	57,830,299	15.86%	39.11%
		H Shares	45,304,515	12.43%	20.90%
Dr. Qiu Rongguo[2]	Interest of spouse; interest in controlled corporation	Unlisted Shares	57,830,299	15.86%	39.11%
		H Shares	45,304,515	12.43%	20.90%

(1) The calculation is based on the total number of 147,867,143 Unlisted Shares and 216,720,857 H Shares in issue immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares.

(2) Dr. Tang Li is the spouse of Dr. Qiu Rongguo. Accordingly, they are deemed to be interested in any Shares in which one another is interested for the purpose of the SFO.

(3) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

Save as disclosed above, none of the Directors, Supervisors or the chief executive of our Company will, immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, have an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the 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), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange.

Disclosure of Interests of Substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this prospectus, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company or any other members of our Company.

Particulars of the Service Contracts

Save as disclosed above, none of the Directors or Supervisors has entered or is proposed to enter into any service contracts as a director or supervisor with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Remuneration of Directors and Supervisors

For details of the remuneration of Directors and Supervisors, please refer to the paragraphs headed "Directors, Supervisors and Senior Management — Remuneration of Our Directors, Supervisors and Senior Management, and Remuneration of the Five Highest-Paid Individuals" and Note 8 to the Accountants' Report as set out in Appendix I to this prospectus.

Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements, as detailed in "Underwriting — Commissions and Expenses". Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of our Company or any member of our Group within the two years immediately preceding the date of this prospectus.

Within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company.

Personal Guarantees

The Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to our Group.

Disclaimers

(i) Save as disclosed in this prospectus, none of the Directors, Supervisors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group;

(ii) Save in connection with the Underwriting Agreements, none of the Directors, Supervisors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(iii) None of the Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group;

(iv) No cash, securities or other benefit has been paid, allotted or given within the two year preceding the date of this prospectus to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned;

(v) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group; and

(vi) Save as disclosed in this prospectus, none of the Directors or Supervisors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering and the conversion of the Unlisted Shares into H Shares, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group.

D. PRE-IPO EMPLOYEE INCENTIVE SCHEMES

The following is a summary of the principal terms of the employee incentive scheme adopted by our Company on November 18, 2020 (the "**Zhuhai Huajin Employee Incentive Scheme**"), the employee incentive scheme approved and adopted by our Company on January 1, 2021 (the "**Zhuhai Huaxin Employee Incentive Scheme**") and the employee incentive scheme approved and adopted by our Company on January 10, 2022 (the "**Zhuhai Huarong Employee Incentive Scheme**") (collectively, the "**Employee Incentive Schemes**"). For details of our Employee Incentive Schemes, please refer to "History, Development and Corporate Structure — Employee Incentive Platforms" in this prospectus.

The terms of the Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as no stock will be granted under the Employee Incentive Schemes after the Listing. All awards under the Employee Incentive Scheme have been fully granted.

Purpose

The Employee Incentive Schemes aim to further stimulate the enthusiasm of the management members and personnel of our Company, enhance our Company's overall competitiveness, and ensure the achievement of the business objectives of the future development strategy of our Company. Employees shall exercise their rights in accordance with and subject to the terms of the relevant Employee Incentive agreements.

Administration

The Board of our Company is responsible for considering and approving the Employee Incentive Schemes, and has authorized, Dr. Tang Li, the chairperson of the Board, who is authorized to delegate such authority to the general manager, to formulate, revise and terminate the Employee Incentive Schemes.

The Supervisory Committee is the supervisory body of the Employee Incentive Schemes, responsible for verifying the list of grantees and supervising whether the implementation of the Employee Incentive Schemes complies with relevant laws and regulations and the Articles of Association.

Award

An award under the Employee Incentive Schemes (the "**Award(s)**") gives a participant in the Employee Incentive Schemes a right when granted the Award to obtain partnership interest in the Employee Incentive Platforms as a limited partner.

Voting rights

All grantees under the Employment Incentive Schemes are informed and acknowledge that Dr. Tang Li, the general managing partner of Zhuhai Huajin, Zhuhai Huaxin, and Zhuhai Huarong, is entitled, pursuant to the terms of the partnership agreements, to represent Zhuhai Huajin, Zhuhai Huaxin, and Zhuhai Huarong at the Company's shareholders' meetings and to independently exercise voting rights, respectively.

Alternation, termination and repurchase

When the grantee's position changes but he or she remains an employee of the Company or is formally appointed by the Company to serve in a relevant subsidiary, the granted restricted stock units will remain unchanged.

In the event of any of the following circumstances occurring to the grantee, unless the Company decides otherwise, the already granted restricted stock units will be repurchased by the general managing partner of each employee incentive platform or another designated entity meeting the incentive conditions, effective from the date of occurrence:

- violation of national laws and regulations, the Articles of Association, or internal management rules, or acts of negligence or malpractice as stipulated in the employment contract, or actions seriously damaging the Company's interests or reputation, or causing direct or indirect economic losses to the Company;
- evidence provided by the Company proving that the grantee has engaged in bribery, corruption, embezzlement, theft, disclosure of business and technical secrets, or other illegal and disciplinary acts during their tenure, thus damaging the Company's interests and reputation;
- being criminally prosecuted for criminal acts; or
- other actions deemed by the Company to damage its interests.

Within 3 years after signing the equity incentive agreement, in case of any of the following circumstances occurring to the grantee, unless the Company decides otherwise, the unlocked or unvested restricted stock units will be repurchased by the general managing partner of each employee incentive platform or another designated entity meeting the incentive conditions:

- becoming a person prohibited by law from holding Company incentive shares or stock options;
- downgrading in terms of job position or dismissal due to unsatisfactory annual performance evaluations;

- leaving the Company within 3 years of the grant of incentive shares or before vesting, including but not limited to termination of labor or employment contracts, voluntary resignation, dismissal due to absenteeism, or non-renewal of contracts after their expiration;
- falling under circumstances specified in the PRC Company Law where the person cannot serve as a Director, Supervisor, or members of the senior management of the Company; or
- other circumstances determined by the Company.

If the grantee loses the ability to work, retires, or dies, the restricted stock unites shall be disposed of in accordance with the specific provisions of the Employee Incentive Schemes.

Other unspecified circumstances shall be determined by the Company and each employee incentive platform.

Zhuhai Huajin Employee Incentive Scheme

Zhuhai Huajin Employee Incentive Scheme was adopted by our Company on November 18, 2020. The following is a summary of the principal terms of the Zhuhai Huajin Employee Incentive Scheme.

Principal Terms

Implementation structure and platform

Zhuhai Huajin was established in the PRC as a limited partnership on November 13, 2020 to serve as the employee incentive platform. As of the Latest Practicable Date, Zhuhai Huajin subscribed for approximately 5.49% of the registered capital of our Company. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure — Employee Incentive Platforms — Zhuhai Huajin" in this prospectus.

Eligible participants and grants of the Awards

Under the Zhuhai Huajin Employee Incentive Scheme, eligible participants are the management team members and related members of our R&D management team. The following individuals may not be selected as participants under the Zhuhai Huajin Employee Incentive Scheme:

- Individuals who were publicly denounced or declared as an unsuitable candidate by the CSRC within the preceding three years;
- Individuals who were subject to administrative penalty by the CSRC for major violation of laws and regulations within the preceding three years; or
- Individuals who are forbidden to hold the position of director, supervisor or senior management pursuant to our Company Law of the PRC.

The participants of the Zhuhai Huajin Employee Incentive Scheme will be granted the Awards under the scheme, where they are given a right to obtain partnership interest in Zhuhai Huajin as limited partners.

Lock-up Period

The lock-up period of the Zhuhai Huajin Employee Incentive Scheme shall be 36 months from the listing date of the Company. Notwithstanding the foregoing, such lock-up period shall be subject to restrictions and requirements under all applicable laws and rules (including but not limited to rules of any authority in relevant jurisdictions and of relevant stock exchanges). Subject to the relevant PRC laws, rules and regulations, during the lock-up period, Zhuhai Huajin shall not accept the participants' requests for sale of the underlying Shares of the Awards granted to them and the Shares held should not be transferred.

Details of the Granted Awards

As of the Latest Practicable Date, Zhuhai Huajin held 19,220,863 Shares of our Company. For details on the partnership interest in Zhuhai Huajin, please refer to the paragraphs headed "History, Development and Corporate Structures — Employee Incentive Platforms — Zhuhai Huajin" in this prospectus. The following table sets out the structure of the intended partnership interest in Zhuhai Huajin and the approximate number of corresponding Shares underlying the awards granted under the Zhuhai Huajin Employee Incentive Scheme to each of the core personnel of our R&D management team, being grantees of the relevant awards, as of the Latest Practicable Date:

Name	Approximate intended partnership interest in Zhuhai Huajin[(Note)]	Approximate number of corresponding Shares of the Awards granted under the Zhuhai Huajin Employee Incentive Scheme as of the Latest Practicable Date
	(%)	
Tang Li	72.17	13,871,086
Qiu Rongguo	4.25	816,619
Tang Jin (唐進)	4.25	816,619
Kong Rixiang (孔日祥)	4.25	816,619
Hu Zhe (胡喆)	4.25	816,619
Tang Changjun (唐昌俊)	4.25	816,619
Zhang Cheng (張成)	4.25	816,619
Guan Jin (關津)	1.30	250,036
Nie Xiu Qing (聶秀清)	1.04	200,029
Total	**100.00**	**19,220,863**

Note: The table reflects the intended partnership interest in Zhuhai Huajin and its partners pursuant to our currently effective incentive scheme and incentive agreements entered into with related personnels. Nevertheless, the formal registration with the relevant authority presents another partnership structure due to the proceedings between Zhuhai Huajin and Wang Haibo. Should the judgment for the Proceedings be in favor of Zhuhai Huajin, the above partnership interest shall be registered with the relevant authority. For details of the Proceeding and the registered partnership structure of Zhuhai Huajin, please refer to the paragraphs headed "History, Development and Corporate Structures — Employee Incentive Platforms — Zhuhai Huajin" in this prospectus.

Zhuhai Huaxin Employee Incentive Scheme

Zhuhai Huaxin Employee Incentive Scheme was adopted by our Company on January 1, 2021. The following is a summary of the principal terms of the Zhuhai Huaxin Employee Incentive Scheme.

Principal Terms

Implementation structure and platform

Zhuhai Huaxin was established in the PRC as a limited partnership on January 5, 2021 to serve as the employee incentive platform. As of the Latest Practicable Date, Zhuhai Huaxin subscribed for approximately 4.00% of the registered capital of our Company. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure — Employee Incentive Platforms — Zhuhai Huaxin" in this prospectus.

Eligible participants and grants of the Awards

Under the Zhuhai Huaxin Employee Incentive Scheme, eligible participants are the members and related personnel of the sales team of our Company. The following individuals may not be selected as participants under the Zhuhai Huaxin Employee Incentive Scheme:

- Individuals who were publicly denounced or declared as an unsuitable candidate by the CSRC within the preceding three years;
- Individuals who were subject to administrative penalty by the CSRC for major violation of laws and regulations within the preceding three years; or
- Individuals who are forbidden to hold the position of director, supervisor or senior management pursuant to our Company Law of the PRC.

The participants of the Zhuhai Huaxin Employee Incentive Scheme will be granted the Awards under the scheme, where they are given a right to obtain partnership interest in Zhuhai Huaxin as limited partners.

Lock-up Period

The lock-up period of the Zhuhai Huaxin Employee Incentive Scheme shall be 36 months from the listing date of the Company. Notwithstanding the foregoing, such lock-up period shall be subject to restrictions and requirements under all applicable laws and rules (including but not limited to rules of any authority in relevant jurisdictions and of relevant stock exchanges). Subject to the relevant PRC laws, rules and regulations, during the lock-up period, Zhuhai Huaxin shall not accept the participants' requests for sale of the underlying Shares of the Awards granted to them and the Shares held should not be transferred.

Details of the Granted Awards

As of the Latest Practicable Date, Zhuhai Huaxin held 14,002,034 Shares of our Company. For details on the partnership interest in Zhuhai Huaxin, please refer to the paragraphs headed "History, Development and Corporate Structures — Employee Incentive Platforms — Zhuhai Huaxin" in this prospectus. The following table sets out the structure of the partnership interest in Zhuhai Huaxin after the completion of the changing procedure of business registration and the subscribed capital of each of the members and related personnel of the sales team of our Company, being grantees of the relevant awards:

Name	Approximate partnership interest in Zhuhai Huaxin	Approximate number of corresponding Shares of the Awards granted under the Zhuhai Huaxin Employee Incentive Scheme as of the Latest Practicable Date
	(%)	
Tang Li	81.83	11,457,284
Chen Xin (陳欣)	2.85	398,618
Nie Xiuqing (聶秀清)	2.14	300,044
Wu Ke (吳可)	2.17	304,274
Guan Jin (關津)	1.07	150,022
Han Wenpeng (韓文朋)	1.07	150,022
Huang Yulin (黃玉林)	0.99	138,440
Guo Dawei (郭大偉)	0.99	138,440
Huang Jin (黃瑾)	0.93	130,249
Xu Long (徐隆)	0.91	127,258
Zhang Qian (張芊)	0.90	125,898
Zhao Xin (趙鑫)	0.74	103,425
Zhang Feng (張峰)	0.71	100,015
Meng Bin (孟斌)	0.71	100,015
Zheng Li (鄭力)	0.65	91,063
Dai Wen (戴雯)	0.41	57,888
Jiang Hao (蔣浩)	0.25	35,185
Liu Xiaofeng (劉曉峰)	0.24	33,535
Li Xiangjun (李響君)	0.19	26,824
Sun Qingliang (孫慶亮)	0.16	22,353
Jiang Ye (蔣燁)	0.08	11,182
Total	**100.00**	**14,002,034**

Zhuhai Huarong Employee Incentive Scheme

Zhuhai Huarong Employee Incentive Scheme was adopted by our Company on January 10, 2022. The following is a summary of the principal terms of the Zhuhai Huarong Employee Incentive Scheme.

Principal Terms

Implementation structure and platform

Zhuhai Huarong was established in the PRC as a limited partnership on March 9, 2022 to serve as the employee incentive platform. As of the Latest Practicable Date, Zhuhai Huarong subscribed for approximately 1.43% of the registered capital of our Company. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure — Employee Incentive Platforms — Zhuhai Huarong" in this prospectus.

Eligible participants and grants of the Awards

Under the Zhuhai Huarong Employee Incentive Scheme, eligible participants are the members and related personnel of the management team of our Company. The following individuals may not be selected as participants under the Zhuhai Huarong Employee Incentive Scheme:

- Individuals who were publicly denounced or declared as an unsuitable candidate by the CSRC within the preceding three years;
- Individuals who were subject to administrative penalty by the CSRC for major violation of laws and regulations within the preceding three years; or
- Individuals who are forbidden to hold the position of director, supervisor or senior management pursuant to our Company Law of the PRC.

The participants of the Zhuhai Huarong Employee Incentive Scheme will be granted the Awards under the scheme, where they are given a right to obtain partnership interest in Zhuhai Huarong as limited partners.

Lock-up Period

The lock-up period of the Zhuhai Huarong Employee Incentive Scheme shall be 36 months from the listing date of the Company. Notwithstanding the foregoing, such lock-up period shall be subject to restrictions and requirements under all applicable laws and rules (including but not limited to rules of any authority in relevant jurisdictions and of relevant stock exchanges). Subject to the relevant PRC laws, rules and regulations, during the lock-up period, Zhuhai Huarong shall not accept the participants' requests for sale of the underlying Shares of the Awards granted to them and the Shares held should not be transferred.

Details of the Granted Awards

As of the Latest Practicable Date, Zhuhai Huarong held 5,000,724 Shares of our Company. For details on the partnership interest in Zhuhai Huarong, please refer to the paragraphs headed "History, Development and Corporate Structures — Employee Incentive Platforms — Zhuhai Huarong" in this prospectus. The following table sets out the structure of the partnership interest in Zhuhai Huarong and the subscribed capital of management team members and related members of our Company, being grantees of the relevant awards:

Name	Approximate partnership interest in Zhuhai Huarong	Approximate number of corresponding Shares of the Awards granted under the Zhuhai Huarong Employee Incentive Scheme as of the Latest Practicable Date
	(%)	
Tang Li (唐莉)	29.37	1,468,613
Liu Kailin (劉開林)	17.30	865,225
Qiu Rongguo (邱榮國)	16.33	816,618
Zhang Weixiu (張維秀)	5.80	290,042
Gong Zheng (龔政)	4.20	210,030
Zhang Chuan (張川)	4.00	200,029
Peng Fei (彭飛)	4.00	200,029
Dai Xuefen (戴雪芬)	3.00	150,022
Zhou Quan (周荃)	2.20	110,016
Huang Aoshuang (黃傲霜)	2.20	110,016
Song Xiaoqi (宋瀟琦)	1.40	70,010
Xie Chunbing (謝純斌)	1.10	55,008
Su Yuxia (蘇玉霞)	1.10	55,008
Wang Aimin (王愛民)	1.10	55,008
Li Xu (李旭)	1.10	55,008
Xiao Shicai (肖士材)	1.10	55,008
Xu Qiang (徐強)	1.00	50,007
Liu Qing (劉慶)	1.00	50,007
Liu Kexin (劉可欣)	1.00	50,007
Sun Ying (孫營)	0.50	25,004
Li Shidong (李世東)	0.20	10,001
Yang Lisha (楊麗莎)	0.20	10,001
Yang Qian (楊茜)	0.20	10,001
Yang Mingwu (楊明武)	0.20	10,001
Yang Yan (楊豔)	0.20	10,001
He Wei (何偉)	0.20	10,001
Total	**100.00**	**5,000,724**

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, our Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the Global Offering and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against our Company.

3. Joint Sponsors and Overall Coordinators

The Joint Sponsors and the Overall Coordinators satisfied the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The fees payable to the Joint Sponsors in respect of their services as Joint Sponsors for the Listing are approximately HK$7.0 million and are payable by us.

4. Compliance Adviser

Our Company has appointed Maxa Capital Limited as its Compliance Adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

Our Company did not incur material preliminary expense as of the Latest Practicable Date.

6. Promotors

The promoters of our Company are all of the 40 then shareholders of our Company as of May 8, 2021 immediately before our conversion into a joint stock limited liability company:

No.	Name of promoters
1	Baygen QT Inc.
2	Shanghai Xinsheng
3	SDIC VC
4	Zhuhai Jingrong
5	Shanghai Haidai
6	Zhuhai Huajin
7	Matrix Partners China VI Hong Kong Limited
8	Yifeng Ruihua
9	Beijing Chongde

No.	Name of promoters
10	Zhuhai Huaxin
11	Lapam VC
12	Shenzhen Dachen
13	Ms. Zhang Haiyan
14	Betta Pharmaceuticals Co., Ltd.
15	Zhongling VC
16	Gaoke Xinjun
17	Yifeng XIV
18	Zhuhai Xingkong
19	Tianjin Tianchuang
20	Ningbo Jiusheng
21	Dr. Tang Li
22	Chengdu VC
23	Ningbo Qirui
24	Jiaxing Xingkong
25	Chengdu Bio-city
26	Qianhai Jiancheng
27	Foshan Hongtao
28	Foshan Zhiyao VC
29	Sichuan Xintongde
30	Jianchuang Zhongmin
31	Jinding Investment
32	Xiamen Feiyu
33	Chengdu Jingrong
34	Langma 34
35	Langma 32
36	Jinjiang Guangzi
37	Shenzhen Zhongju
38	Langma 26
39	Beijing Baygen
40	Chengdu Chengchuang

Save as disclosed in this prospectus, within the two years immediately 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 the promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
CCB International Capital Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under SFO)
KPMG	Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
HNP Law Firm PLLC	U.S. Legal Advisor
Beijing DeHeng Law Offices	PRC Legal Advisor
Lung Tin Law Firm	PRC IP Consultant
King & Wood Mallesons	U.S. IP Consultant
Asia-Pacific Consulting and Appraisal Limited	Independent property valuer
Frost & Sullivan	Independent industry consultant

Each of the experts listed above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or opinion and/or references (as the case may be) to their names included herein in the form and context in which they respectively appear.

As of the Latest Practicable Date, none of the experts named above had any shareholders' interests in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Group.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, 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.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospect of our Group since May 31, 2024 (being the date to which the latest consolidated financial statements of our Group were prepared).

11. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix IV to this prospectus.

12. Miscellaneous

(a) Save as disclosed in "History, Development and Corporate Structure", within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(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) No founder, management or deferred shares of our Company or any of its subsidiary have been issued or have been agreed to be issued;

(d) Our Company is not presently listed on any stock exchange or traded on any trading system;

(e) Our Company has no outstanding convertible debt securities or debentures;

(f) None of the experts listed under "— Qualifications and Consents of Experts" is interested beneficially or non-beneficially in any shares in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the Underwriting Agreements;

(g) The English text of this prospectus shall prevail over their respective Chinese text;

(h) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus; and

(i) There is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix VII — Statutory and General Information — Other Information — Qualifications and Consents of Experts" in this prospectus; and

(b) a copy of each of the material contracts referred to in "Appendix VII — Statutory and General Information — Further Information about Our Business — Summary of Material Contracts" in this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our websites at **www.biostar-pharm.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report for the years ended December 31, 2022 and 2023 and the five months ended May 31, 2024 from KPMG, 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 five months ended May 31, 2024;

(d) the report from KPMG 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 legal opinion from Beijing DeHeng Law Offices, our Company's PRC Legal Advisor, in respect of certain aspects of our Company;

(f) the industry report prepared by Frost & Sullivan;

(g) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for Articles of Association together with their unofficial English translations;

(h) the Property Valuation Report prepared by Asia-Pacific Consulting and Appraisal Limited;

(i) the material contracts referred to in "Appendix VII — Statutory and General Information";

(j) the written consents referred to in "Appendix VII — Statutory and General Information";

(k) the legal opinion issued by Lung Tin Law Firm, our PRC IP Consultant, in respect of, among other things, PRC intellectual property matters relating to our Company and Chengdu Biostar; and

(l) the due diligence opinion issued by King & Wood Mallesons, our U.S. IP Consultant, in respect of, among other things, U.S. intellectual property matters relating to our Company.

华昊中天
Biostar

北京華昊中天生物醫藥股份有限公司
Beijing Biostar Pharmaceuticals Co., Ltd.