Medtide

泰德醫藥（浙江）股份有限公司

Medtide Inc.

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

Stock Code : 3880

GLOBAL OFFERING

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

Morgan Stanley

CITIC SECURITIES

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should seek independent professional advice.

Medtide Inc.

泰德醫藥(浙江)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	**:**	**16,800,000 H Shares**
Number of Hong Kong Offer Shares	**:**	**1,680,000 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**15,120,000 H Shares (subject to adjustment)**
Maximum Offer Price	**:**	**HK$30.60 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**3880**

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

Morgan Stanley　　CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

(in alphabetical order)

光大證券 EVERBRIGHT SECURITIES | 國際 INTERNATIONAL　　PRIME SECURITIES LIMITED 登利證券有限公司　　東吳證券(香港) SOOCHOW SECURITIES (HONG KONG)

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

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or before Thursday, June 26, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon on Thursday, June 26, 2025 (Hong Kong time). The Offer Price will not be more than HK$30.60 per Offer Share and is currently expected to be not less than HK$28.40 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Thursday, June 26, 2025 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse. The Overall Coordinators, on behalf of the Underwriters, may, where considered appropriate and with the Company's consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this Prospectus (which is HK$28.40 to HK$30.60) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we 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 publish on the website of the Company at **medtideinc.com** and on the website of the Stock Exchange at **www.hkexnews.hk** an announcement, and the offer will be canceled and relaunched at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental Prospectus or a new Prospectus (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus.

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

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including the risk factors set out in the section headed "Risk Factors."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold solely 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 website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **medtideinc.com**. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

June 20, 2025

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 in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at **medtideinc.com**. You may download and print from these website addresses if you want a printed copy of this Prospectus.

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

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

(2) apply electronically through the HKSCC EIPO channel and cause HKSCC Nominees to apply on your behalf 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.

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 stated above.

Please see the section headed "*How to Apply for Hong Kong Offer Shares*" in this Prospectus for further details on 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 made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

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.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*
100	3,090.85	2,000	61,817.20	10,000	309,086.01	200,000	6,181,720.20
200	6,181.73	2,500	77,271.50	20,000	618,172.02	250,000	7,727,150.26
300	9,272.58	3,000	92,725.81	30,000	927,258.04	300,000	9,272,580.30
400	12,363.44	3,500	108,180.10	40,000	1,236,344.05	350,000	10,818,010.36
500	15,454.29	4,000	123,634.40	50,000	1,545,430.06	400,000	12,363,440.40
600	18,545.17	4,500	139,088.71	60,000	1,854,516.05	450,000	13,908,870.46
700	21,636.02	5,000	154,543.00	70,000	2,163,602.06	500,000	15,454,300.50
800	24,726.88	6,000	185,451.61	80,000	2,472,688.08	600,000	18,545,160.60
900	27,817.74	7,000	216,360.20	90,000	2,781,774.09	700,000	21,636,020.70
1,000	30,908.61	8,000	247,268.81	100,000	3,090,860.10	840,000[1]	25,963,224.85
1,500	46,362.90	9,000	278,177.41	150,000	4,636,290.16		

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

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

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

Date[(1)]

Hong Kong Public Offering commences . . . . . .9:00 a.m. on Friday, June 20, 2025

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**[(2)] . .11:30 a.m. on Wednesday, June 25, 2025

Application lists open[(3)] . . . . . .11:45 a.m. on Wednesday, June 25, 2025

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) applying through the **HKSCC EIPO** channel[(4)] . . . . . .12:00 noon on Wednesday, June 25, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system 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**.

Application lists close[(3)] . . . . . .12:00 noon on Wednesday, June 25, 2025

Expected Price Determination Date[(5)] . . . . . .on or before 12:00 noon, Thursday, June 26, 2025

Announcement of the Offer Price, the level of applications in the Hong Kong Public Offering; the level of indications of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on our website at **medtideinc.com**[(6)] and the website of the Stock Exchange at **www.hkexnews.hk** at or before . . . . . 11:00 p.m. on Friday, June 27, 2025

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

- in the announcement to be posted on our website and the website of the Stock Exchange at **medtideinc.com**[(6)] and **www.hkexnews.hk**, respectively . . . . . .at or before 11:00 p.m. on Friday, June 27, 2025

- on the designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from .....11:00 p.m. on Friday, June 27, 2025 to 12:00 midnight on Thursday, July 3, 2025

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from .....Monday, June 30, 2025 to Friday, July 4, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from .....6:00 p.m. on Thursday, June 26, 2025

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before(7)(9) .....Friday, June 27, 2025

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before(8)(9) ..... Monday, June 30, 2025

Dealings in the H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on .....Monday, June 30, 2025

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, are set forth in the section headed "Structure of the Global Offering" in this Prospectus.

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, June 25, 2025, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares—E. Severe Weather Arrangements" for details.

(4) If you instruct your broker or custodian who is an HKSCC Participant to give electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf, you should contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

(5) The Price Determination Date is expected to be on or before Thursday, June 26, 2025 and, in any event, not later than 12:00 noon on Thursday, June 26, 2025. If, for any reason, we do not agree with the Overall Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by 12:00 noon on Thursday, June 26, 2025, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this Prospectus.

(7) The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Monday, June 30, 2025. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) White Form e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications.

(9) Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should see "How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies" for details.

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

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

(10) Applicants who apply for the Offer Shares by giving electronic application instructions to HKSCC via HKSCC's FINI system should refer to "How to Apply for Hong Kong Offer Shares—A. Application for Hong Kong Offer Shares —2. Application Channels" in this prospectus.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus, respectively.

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

CONTENTS

IMPORTANT NOTICE TO INVESTORS

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

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

This summary aims to give you an overview of the information contained in this Prospectus and should be read in conjunction with the full text of this Prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole Prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

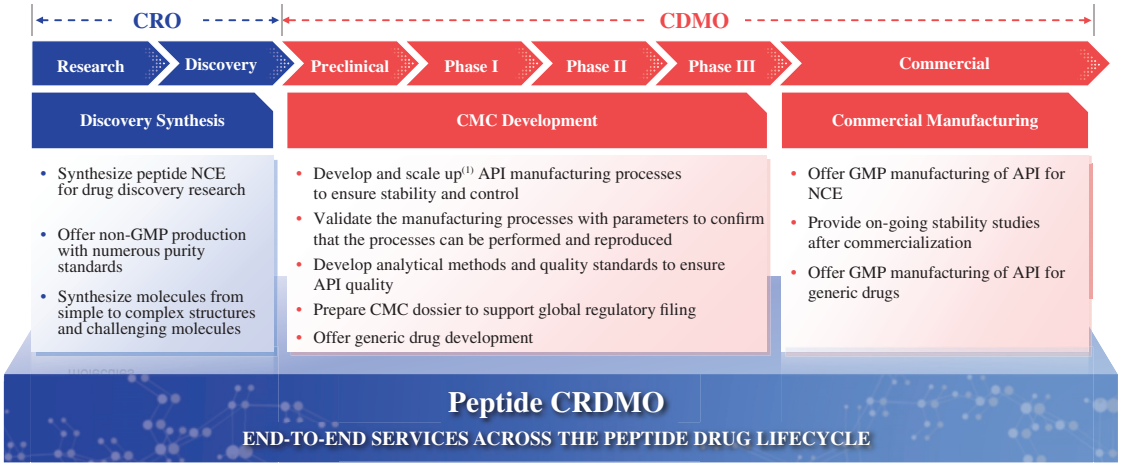
OVERVIEW

We are the third largest peptide-focused CRDMO worldwide in terms of sales revenue with a market share of 1.5% in 2023, according to Frost & Sullivan. We offer full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. The top two players in the global peptide-focused CRDMO market accounted for 23.8% of the market share and the remainder of the market is fragmented and each of the top three to six players (including our Company) only accounted for around 1% of the market share in 2023.

Our Services

We mainly provide (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing. Our services primarily focus on providing customers with APIs rather than drug products. Our customers then mix the APIs with excipients to create the final dosage forms of drug products, determine the appropriate dosage form, route of administration, and formulation, and then use the final drug products for their clinical trials or commercial sales. We have established stable customer relationships and service footprint in over 50 countries, including major markets such as China, the United States, Japan, Europe, South Korea, and Australia. We provide our customers with peptide drug development, production, and CMC filing support services that meet regulatory requirements in major markets worldwide.

The following chart sets forth details of our end-to-end services across the peptide drug lifecycle.



Notes:

(1) Scale up refers to the process of transforming a lab-scale product into a commercially viable product by developing a reliable manufacturing technique. This technique is designed to accommodate various output volumes, which are typically larger than lab-scale.

(2) Our services primarily focus on providing customers with APIs rather than drug products. We do not produce drug products that are directly used in clinical trials or commercially.

Our Project Pipeline

We have built an extensive project pipeline. As of December 31, 2024, our project pipeline included 1,217 ongoing CRO projects and 332 ongoing CDMO projects. We have strategically focused on the pipeline buildup in the field of GLP-1. We had nine NCE GLP-1 molecule development projects with seven customers in developing oral and/or injectable GLP-1 molecule products as of the Latest Practicable Date. For details, please see "Business—Our Services—Peptide CRDMO Services."

Our Market Opportunities and Competition

We face competition primarily from other leading CRDMO and CDMO companies who are active in peptide manufacturing. Peptide CRDMO service providers face competition based on several factors, including growth of the overall pharmaceutical market, the market demand, quality and breadth of services, specific scientific and regulatory expertise, advanced technological requirements, high capital expenditure needs, timeliness of delivery, manufacturing capability and capacities, capable talent, global supply chain solutions and ability to build/establish capable GMP certified facilities.

In terms of barriers to entry, the peptide CRDMO market generally requires high technical expertise. We are well-positioned to capture opportunities in the sizable and fast-growing peptide drug market, with our peptide production technology, strong compliance record and

experienced management team. We believe that we can maintain our competitiveness by leveraging our established position in the global peptide CRDMO market and capitalizing on the opportunities offered by the fast-growing market.

Peptide Drug Market

According to Frost & Sullivan, the global peptide drug market grew from US$60.7 billion in 2018 to US$89.5 billion in 2023 as measured by sales revenue, representing a CAGR of 8.1%, and is expected to further grow to US$261.2 billion in 2032, representing a CAGR of 12.6%; the number of non-insulin peptide drugs that had obtained regulatory approvals globally reached 76 between January 1, 2015 and the Latest Practicable Date.

GLP-1 Drug Market

One particular type of peptide drug product, namely GLP-1, has become a major driver for the rapid growth of the global peptide drug market. The global GLP-1 drug market grew from US$9.3 billion in 2018 to US$38.9 billion in 2023 as measured by sales revenue, representing a CAGR of 33.2%, and is expected to further grow to US$129.9 billion in 2032, representing a CAGR of 14.3%.

In case semaglutide related patents expire in 2026 in China and 2032 in the United States, such expiration is expected to lead to an increase in generic drugs, it is possible that this situation is expected to increase the demand for APIs, as well as to increase the demand for CRO services and CDMO services for the discovery and development of more advanced NCEs. Intensified competition could lead to API price decreases, and potentially further affecting our profit margin. While the expiration of semaglutide patents may also lead to the above increase in competition, we believe our established technical and operational expertise in peptide synthesis and the high technical barriers in manufacturing complex peptides put us in a favorable position to compete against potential competitors. We intend to seize the above opportunity of semaglutide's patent expiration by (i) expanding our production capacity to capture the growth; (ii) enhancing our ability to help customers explore and expand into more markets; and (iii) strengthening our business development capabilities to obtain new NCE projects.

For more details, see "Industry Overview" and "Business—Competition" in this Prospectus.

Peptide CRDMO Market

According to Frost & Sullivan, the percentage of pharmaceutical and biotech companies that outsourced clinical development and production to third party service providers reached approximately 70% in the global peptide drug market in 2023, higher than 30%-40% for biologics. This reliance on third party service providers has led to the rapid growth of the

global peptide CRDMO market, which increased from US$1.6 billion in 2018 to US$3.1 billion in 2023 as measured by sales revenue, representing a CAGR of 14.8%, and is expected to further grow to US$18.8 billion in 2032, representing a CAGR of 22.0%.

Oligonucleotide CDMO Market

According to Frost & Sullivan, 18 oligonucleotide drugs had obtained regulatory approvals between January 1, 2015 and the Latest Practicable Date. The global oligonucleotide drug market grew significantly from approximately US$2.0 billion in 2018 to approximately US$4.5 billion in 2023 as measured by sales revenue, representing a CAGR of 16.9%, and is expected to further grow to US$45.9 billion in 2032, representing a CAGR of 29.6%. The global oligonucleotide CDMO market by sales revenue grew from US$0.5 billion in 2018 to US$2.3 billion in 2023, representing a CAGR of 33.8%, and is expected to further grow to US$18.4 billion in 2032, representing a CAGR of 26.0%.

Our Fee Model

FFS Model

During the Track Record Period, we generated fee income substantially on an FFS basis for the services provided. Revenue under FFS model include revenue from CRO and CDMO services. We generally receive payments in accordance with a pre-agreed payment schedule specified in the contract or work order. The payment schedule sets out the fees for services we provide at relevant discovery, development or manufacturing steps that fall under the scope of work in the contract or work order. We determine the fee level based on the scope of the services, the estimated costs and expenses, and the estimated amount of time to deliver our services, among others. Our service contracts and work orders under the FFS model typically include a detailed schedule that sets forth specifications of and anticipated time required for completing each step as well as the corresponding payment. Revenue is recognized at a point in time when we transfer control of the distinct services or products to our customer upon (i) receipt for domestic customers and (ii) delivery to designated carriers for overseas customers in accordance with applicable delivery terms in the FFS contracts.

FTE Model

We also generate income under the FTE model. During the Track Record Period, the FTE model was only applied to CRO service. Under the FTE model, we allocate employees to our customer's projects at a fixed rate per employee per period of time. During this period of time, the designated employees are dedicated to such customer's project exclusively. We determine the level of service fees based on the number of scientists and research technicians and the amount of time spent on a given project, among other considerations. The term of our FTE contracts may range from several months to multiple years and are subject to renewal. Therefore, the performance obligation of FTE services is satisfied over time.

For more details, see "Business—Our Business Model" in this Prospectus.

OUR FACILITIES

Our Current Facilities

Our operations in China are conducted through our Qiantang Site, covering a vast cGMP campus with approximately 26,000 square meters. Within the Qiantang Site, we have constructed a cGMP facility with GFA of over 15,000 square meters. Our facility holds ISO9001 and ISO13485 certifications for quality management systems. As of the Latest Practicable Date, our Qiantang Site housed 19 peptide synthesis production lines ranging from 20L to 1,000L, alongside 16 purification production lines. Our Qiantang Site has an annual API production capacity of 500kg and per-batch production capacity of 20kg with utilization rate of 68.2% (average usage of total 19 synthesis line and 16 purification lines) in 2023, capable of handling multiple 100kg level purchase orders. The Qiantang Site also has the capacity to manufacture 1-17kg of oligonucleotides per year. Our international operations are based in Rocklin, California, the United States.

Our Facility Expansion Plans

United States Expansion Plan

We intend to expand our capacity and capabilities across our business in the United States and China to meet customers' increasing demand and capture the rapid growth of the peptide CRDMO market. In 2022, we acquired the California production facility of Rocklin Site, which occupies approximately 12,000 square meters of land, with a building area of approximately 4,000 square meters. Our Rocklin Site is currently under construction, and upon completion, is expected to provide GMP-compliant production, analytical development, quality control release and stability testing services for peptide APIs, accommodating production single batch capacities ranging from grams to kilograms. We plan to complete the construction of Rocklin Site (including installation of equipment) in the second half of 2025, which we expect will increase our annual production capacity by approximately 100-300kg. We believe the establishment of a production base in the United States enhances our ability to deliver more convenient, stable and efficient services to our clients and ensures seamless collaboration.

China Expansion Plan

In China, we are constructing our new facility of Hangzhou Biopharma Town Site, which will be dedicated to research, formulation development, and pilot production of peptide and oligonucleotide. Spanning an area of approximately 10,000 square meters, with a building space of approximately 26,700 square meters, the finalized Hangzhou Biopharma Town Site will embody a pharmaceutical research and production facility, featuring a ten-story main building and a three-story podium. As of the Latest Practicable Date, the primary structural construction of Hangzhou Biopharma Town Site has been completed, with interior renovation set to commence in the second half of 2025. We expect the Hangzhou Biopharma Town Site to commence operation in the second half of 2025. In addition, we also plan to expand the

production capacity of our existing Qiantang site to address the growing demand in the global peptide CDMO market and improve production efficiency. We expect to add an additional 500kg production capacity at the Qiantang Site by the end of 2025.

Moreover, in addition to Qiantang Site and Hangzhou Biopharma Town Site, within the next two to three years, we intend to either construct or acquire new production facilities in China. This strategic move is projected to bolster our annual production capacity by approximately 2,000kg. This expansion plan is in response to growing existing and potential customer demand for GLP-1 products, which are approaching advanced stages of clinical and commercial production.

For more details, see "Business—Facilities" in this Prospectus.

STRENGTHS

We believe the following strengths differentiate us from our competitors:

- Peptide CRDMO, providing full-cycle services with quality, efficiency and cost advantages
- Well positioned to capture opportunities in the sizable and fast-growing global TIDES drug market, particularly the GLP-1 drug market
- Sustainable growth driven by a diverse and loyal customer base and a stable and extensive project pipeline, both in NCE and generic drugs
- Peptide production technology and large-scale production capabilities, creating high entry barriers
- Experienced management team and an efficient and pragmatic execution team

For more details, see "Business—Our Competitive Strengths" in this Prospectus.

STRATEGIES

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

- Solidify our position in the global peptide-focused CRDMO industry, and enhance the stability and reliability of our global peptide-focused CRDMO service capacity
- Strengthen our R&D capabilities and further advance our technologies to maintain our competitive advantages
- Further build our global sales network to expand our customer base

- Strategically grow our oligonucleotide CDMO business and diversify our service portfolio

- Continue to attract, retain and develop talent

For more details, see "Business—Our Strategies" in this Prospectus.

RESEARCH AND DEVELOPMENT

As of the Latest Practicable Date, our R&D department included 62 employees, nearly 38.7% of whom hold a master's or doctoral degree. We have consolidated all research and development activities into CITRI (CPC Innovative & Technology Research Institute). We have established various R&D units focusing on process development, analytical capabilities, and specific technological areas such as multiple-cyclic peptides, peptide conjugation techniques, GLP-1 technologies, green chemistry, formulation studies, and Spray Dry technologies, among others. The workflow of our R&D activities include several stages such as project initiation, small-scale research, pilot-scale research, collaboration with process validation, and regulatory submission.

We incurred research and development expenses of RMB21.0 million, RMB23.1 million, and RMB28.7 million in 2022, 2023 and 2024, respectively.

For more details, see "Business—Research and Development" in this Prospectus.

OUR CUSTOMERS AND SUPPLIERS

In 2022, 2023 and 2024, the total revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB157.3 million, RMB162.6 million and RMB222.3 million, respectively, representing 44.8%, 48.3% and 50.3% of our revenue in the same year, respectively, and revenue generated from our largest customer in each year during the Track Record Period accounted for 15.4%, 20.9% and 26.8% of our revenue in the same year, respectively.

In 2022, 2023 and 2024, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB68.1 million, RMB57.3 million and RMB50.5 million, representing 43.6%, 40.4% and 32.5% of our total purchases in the same year, respectively, and purchases from our largest supplier in each year during the Track Record Period accounted for 17.0%, 13.1% and 10.7% of our total purchases for the same year, respectively.

To the best of our knowledge, as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to termination of our relationships with any of our five largest customers or suppliers in each year during the Track Record Period. None of our Directors, their respective associates, or Shareholders who own 5% or more of our issued share

capital had any interest in any of our five largest customers or suppliers in each year during the Track Record Period. During the Track Record Period, none of our five largest suppliers/customers in each year during the Track Record Period was also our customer/supplier.

For more details, see "Business—Suppliers" and "Business—Customers" in this Prospectus.

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors" in this Prospectus. Some of the major risk factors that we face include:

- Our business largely depends on our customers' spending on and demand for our discovery, development and manufacturing services for peptide and oligonucleotides, their budget for R&D expenditure and the clinical and market success of their products. Any reduction in spending or demand from our customers could have a material adverse effect on our business, financial condition, results of operations and prospects.

- We may not be successful in developing, enhancing, adapting to or acquiring new technologies.

- We may fail to effectively develop and market new services, which may harm our growth opportunities and prospects.

- We face increasing competition and may not be able to compete effectively, which may result in downward pricing pressure or reduced demand for our services.

- Competition in the CRDMO market for GLP-1 products may intensify as the growing GLP-1 market attracts more market entrants.

- If we fail to implement our expansion plan to enhance our manufacturing capabilities as planned, or if such plan fails to achieve expected benefits, our business and prospects could be materially and adversely affected.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following is a summary of our historical financial information as of and for the years ended December 31, 2022, 2023 and 2024, extracted from the Accountants' Report set out in Appendix I to this Prospectus. The summary below should be read in conjunction with the consolidated financial information in Appendix I, including the accompanying notes and the information set forth in the section headed "Financial Information" in this Prospectus. Our consolidated financial information was prepared in accordance with IFRS.

Summary of Results of Operations

The following table sets forth a summary of our results of operations for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**350,840**	**336,774**	**442,226**
Cost of sales	(149,771)	(156,603)	(192,452)
Gross profit	**201,069**	**180,171**	**249,774**
Other income and gains	22,725	23,144	59,057
Selling and marketing expenses	(22,245)	(28,071)	(42,494)
Administrative expenses	(43,475)	(43,771)	(73,406)
Research and development expenses	(21,020)	(23,144)	(28,748)
Impairment losses on financial assets under expected credit loss ("**ECL**") model, net of reversal	(1,125)	(600)	(916)
Other expenses	(27)	(156)	(285)
Finance costs	(1,281)	(224)	(1,141)
Profit before fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**")	134,621	107,349	161,841
Fair value losses on financial liabilities at FVTPL	(67,605)	(45,371)	(83,392)
PROFIT BEFORE TAX	**67,556**	**61,978**	**78,449**
Income tax expense	(13,576)	(13,073)	(19,276)
PROFIT FOR THE YEAR	**53,980**	**48,905**	**59,173**
Attributable to:			
Owners of the parent	53,980	48,905	59,173

NON-IFRS MEASURE

Our consolidated financial information was prepared in accordance with IFRS. To supplement our consolidated results which were prepared and presented in accordance with IFRS, we use adjusted net profit (non-IFRS measure) for the year, EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of certain items. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under IFRS. In addition, these non-IFRS measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net profit (non-IFRS measure) for the year, as profit for the year adjusted by adding back (i) fair value loss on financial liabilities at FVTPL comprises fair value loss on convertible bonds and redemption liabilities, of which the redemption liabilities will convert to equity upon the Listing, (ii) share-based payment compensation, which are non-cash in nature, and (iii) listing expenses. The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) for 2022, 2023 and 2024.

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**53,980**	**48,905**	**59,173**
Add			
Fair value losses on financial liabilities at FVTPL	67,065	45,371	83,392
Share-based payment compensation	1,890	1,912	4,441
Listing expenses	–	–	25,019
Adjusted net profit (non-IFRS measure) for the year	**122,935**	**96,188**	**172,025**

We define EBITDA (non-IFRS measure) as profit for the year adjusted by adding back income tax expenses, depreciation of property and equipment, amortization of intangible assets, depreciation of right-of-use assets, and net finance costs/(income). We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure), adjusted by adding back fair value losses on financial liabilities at FVTPL, share-based payment compensation and listing expenses. The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for 2022, 2023 and 2024 to the nearest measures.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**53,980**	**48,905**	**59,173**
Add			
Income tax expenses	13,576	13,073	19,276
Depreciation of property and equipment	16,443	20,164	20,743
Amortization of intangible assets	6,362	6,393	6,503
Depreciation of right-of-use assets	3,128	3,224	2,843
Net finance costs/(income)	367	(6,696)	(12,419)
EBITDA (non-IFRS measure)	**93,856**	**85,063**	**96,119**
Add			
Fair value losses on financial liabilities at FVTPL	67,065	45,371	83,392
Share-based payment compensation	1,890	1,912	4,441
Listing expenses	–	–	25,019
Adjusted EBITDA (non-IFRS measure)	**162,811**	**132,346**	**208,971**

The following tables set forth a breakdown of our revenue by fee model and by service offering for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
FFS	331,576	94.5	326,803	97.1	425,322	96.2
FTE	17,981	5.1	9,550	2.8	16,551	3.7
Others	1,283[(1)]	0.4	421[(2)]	0.1	353	0.1
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
CDMO Service[3]	240,455	68.5	258,355	76.7	329,957	74.6
CRO Service	109,102	31.1	77,998	23.2	111,916	25.3
Others	1,283[1]	0.4	421[2]	0.1	353[2]	0.1
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

Notes:

(1) Others in 2022 relate to (i) lease income; and (ii) revenue from sales of raw material. In March 2021, we disposed of the entire equity interests of Prometheus Bio to Hangzhou Haiding. Despite this disposal, one contract remained effective in 2022, under which we sold raw material to Prometheus Bio in 2022, generating revenue. For further details of our disposal, please refer to the section headed "History, Development and Corporate Structure."

(2) Others in 2023 and 2024 relate to lease income.

(3) Revenue from CDMO Service consists of revenue from NCEs projects and generic drug projects. Our revenue from NCEs projects increased from RMB184.3 million in 2022, to RMB194.2 million in 2023, and further increased to RMB236.6 million in 2024. Our revenue from generic drug projects increased from RMB56.1 million in 2022 to RMB64.1 million in 2023, and further increased to RMB93.4 million in 2024.

Our revenue increased by 31.3% from RMB336.8 million in 2023 to RMB442.2 million in 2024, primarily due to an increase in revenue from one customer in the U.S. focusing on development of GLP-1 drugs, driven by its respective drug development progress and increased demand for our services.

Our revenue decreased by 4.0% from RMB350.8 million in 2022 to RMB336.8 million in 2023, primarily due to a 10.4% decrease in average revenue per customer from approximately RMB528.0 thousand in 2022 to RMB474.0 thousand in 2023. Such decrease in average revenue per customer is primarily attributable to an approximately RMB34.0 million decrease in revenue from three of our customers who significantly reduced their demands due to changes in their peptide drug development resources, plans, and cycles in the United States and Mainland China. The effect of reduction in average revenue per customer from 2022 to 2023 was partially offset by an increase in the number of customers from 664 to 711 during the same years.

The following table sets forth a breakdown of our revenue based on the locations of the contract entities of our customers, both in absolute amount and as a percentage of our total revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mainland China	101,431	28.9	74,124	22.0	94,576	21.4
U.S.	132,309	37.7	114,794	34.1	243,207	55.0
Japan	55,157	15.7	73,572	21.8	31,187	7.1
Europe	45,016	12.8	62,591	18.6	48,615	11.0
Other countries and regions[(1)]	16,927	4.9	11,693	3.5	24,641	5.5
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

Note:

(1) Other countries and regions comprise Australia, Brazil, Canada, Chile, Hong Kong, India, Israel, Mexico, Namibia, Philippines, Republic of Korea, Saudi Arabia, Singapore, South Africa, Taiwan, Thailand, United Arab Emirates, and Uruguay.

Our revenue in Mainland China increased by 27.6% from RMB74.1 million in 2023 to RMB94.6 million in 2024. Our revenue overseas increased by 32.4% from RMB262.7 million in 2023 to RMB347.7 million in 2024. For the reasons of revenue fluctuation, please refer to the discussion above.

Our revenue in Mainland China decreased by 26.9% from RMB101.4 million in 2022 to RMB74.1 million in 2023, primarily due to reduced demand from our customers in Mainland China. The healthcare industry experienced a general decline in terms of the amount of financing in recent years, forcing industry players (including our customers) to reduce their NCE development pipeline to focus on fewer pipeline products with more potential of commercialization success. This has in turn affected our customers' demand for our services, which partially led to the decline in our revenue in Mainland China from 2022 to 2023. Our revenue overseas increased from RMB249.4 million in 2022 to RMB262.7 million in 2023, primarily due to an increase in business volume as reflected by an increase in the number and sizes of projects from overseas customers.

The following table sets forth a breakdown of our gross profits and gross profits margin by service offering for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit RMB'000	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*
CDMO Service	133,845	55.7	137,058	53.1	178,432	54.1
CRO Service	67,224	61.6	43,113	55.3	71,342	63.7
Total/Overall	**201,069**	**57.3**	**180,171**	**53.5**	**249,774**	**56.5**

For details of the fluctuations of our gross profits and gross profits margin, please refer to the section headed "Financial Information."

Our profit for the year increased by 21.0% from RMB48.9 million in 2023 to RMB59.2 million in 2024, primarily due to (i) an increase in our revenue from RMB336.8 million in 2023 to RMB442.2 million in 2024, and (ii) an increase of our other income and gains from RMB23.1 million in 2023 to RMB59.1 million in 2024, partially offset by: (i) an increase of our cost of sales from RMB156.6 million in 2023 to RMB192.5 million in 2024, (ii) an increase of our administrative expenses from RMB43.8 million in 2023 to RMB73.4 million in 2024, and (iii) an increase of fair value losses on financial liabilities from RMB45.4 million in 2023 to RMB83.4 million in 2024. Our net profit margin decreased from 14.5% in 2023 to 13.4% in 2024.

Our profit for the year decreased by 9.4% from RMB54.0 million in 2022 to RMB48.9 million in 2023, primarily due to (i) decrease in our revenue from RMB350.8 million in 2022 to RMB336.8 million in 2023, and (ii) increase in our cost of sales from RMB149.8 million in 2022 to RMB156.6 million in 2023, partially offset by the decrease of fair value losses on financial liabilities at FVTPL from RMB67.1 million in 2022 to RMB45.4 million in 2023. Our net profit margin decreased from 15.4% in 2022 to 14.5% in 2023.

Our adjusted net profit (non-IFRS measure) decreased by 21.8% from RMB122.9 million in 2022 to RMB96.2 million in 2023, primarily due to (i) a decrease in our revenue from RMB350.8 million in 2022 to RMB336.8 million in 2023; (ii) an increase in our cost of sales from RMB149.8 million in 2022 to RMB156.6 million in 2023; and (iii) an increase in selling and marketing expenses from RMB22.2 million in 2022 to RMB28.1 million in 2023.

Summary of Consolidated Statements of Financial Position

The following table sets forth details of our summary consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	504,095	536,936	478,828
Total current assets	735,057	771,810	693,800
Total current liabilities	505,816	501,519	172,043
Net current assets	229,241	270,291	521,757
Total assets less current liabilities	733,336	807,227	1,000,585
Total non-current liabilities	530,869	553,343	681,835
Net assets	202,467	253,884	318,750

Our net assets increased from RMB253.9 million as of December 31, 2023 to RMB318.8 million as of December 31, 2024, primarily due to our total comprehensive income for the year of RMB60.4 million in 2024.

Our net assets increased from RMB202.5 million as of December 31, 2022 to RMB253.9 million as of December 31, 2023, primarily due to our total comprehensive income for the year of RMB49.5 million in 2023.

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT ASSETS				
Inventories	79,305	73,005	84,777	94,844
Amounts due from related parties	2,955	1,659	–	–
Trade and notes receivables	19,800	36,418	57,720	30,280
Prepayments, other receivables and other assets	7,175	11,621	16,098	18,982
Financial assets at FVTPL	332,126	110,082	–	–
Restricted cash	430	435	439	440
Time deposits – current	10,000	–	143,032	144,457
Prepaid income tax	4,218	7,578	4,551	4,653
Cash and cash equivalents	279,048	531,012	387,183	472,529
Total current assets	**735,057**	**771,810**	**693,800**	**766,185**
CURRENT LIABILITIES				
Trade payables	12,711	6,731	23,469	22,508
Convertible bonds	321,000	321,000	–	–
Other payables and accruals	100,391	120,534	53,460	34,639
Interest-bearing bank borrowings	–	–	40,000	40,090
Contract liabilities	59,099	49,435	37,444	73,514
Lease liabilities	2,474	1,846	379	393
Amounts due to related parties	2,333	1,855	1,811	–
Deferred government grants	–	–	6,438	6,421
Income tax payable	7,808	118	9,042	161
Total current liabilities	**505,816**	**501,519**	**172,043**	**177,726**
NET CURRENT ASSETS	**229,241**	**270,291**	**521,757**	**588,459**

Our net current assets increased from RMB521.8 million as of December 31, 2024 to RMB588.5 million as of April 30, 2025, primarily due to an increase in cash and cash equivalents of RMB85.3 million and a decrease in trade payables and other payables and accruals of RMB19.8 million, and partially offset by an increase in contract liabilities of RMB36.1 million.

Our net current assets increased from RMB270.3 million as of December 31, 2023 to RMB521.8 million as of December 31, 2024, primarily due to (i) a decrease in convertible bonds of RMB321.0 million and (ii) a decrease in other payables of RMB67.1 million.

Our net current assets increased from RMB229.2 million as of December 31, 2022 to RMB270.3 million as of December 31, 2023, primarily due to an increase of cash and cash equivalents of RMB252.0 million and in trade and notes receivables of RMB16.6 million, and a decrease in contract liabilities of RMB9.7 million, partially offset by a decrease of RMB222.0 million of financial assets at FVTPL and an increase of RMB20.1 million of other payables and accruals.

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	67,556	61,978	78,449
Operating cash flows before movements in working capital	146,196	124,392	177,150
Cash generated from operations	145,848	105,535	114,912
Net cash generated from operating activities	134,798	88,327	120,507
Net cash (used in)/from investing activities	(350,932)	182,426	5,153
Net cash used in financing activities	(60,085)	(23,726)	(276,471)
Net (decrease)/increase in cash and cash equivalents	(276,219)	247,027	(150,811)
Cash and cash equivalents at beginning of the year	538,264	279,048	531,012
Cash and cash equivalents at end of the year	279,048	531,012	387,183

We had net operating cash inflows of RMB134.8 million, RMB88.3 million, and RMB120.5 million in 2022, 2023 and 2024, respectively. Our positive position of net operating cash inflows during the Track Record Period was primarily due to our ability to generate profit for the years during the Track Record Period.

KEY FINANCIAL RATIOS

The following table sets forth key financial ratios for the years or as of the dates indicated.

	As of/for the year ended December 31,		
	2022	2023	2024
Gross profit margin[(1)]	57.3%	53.5%	56.5%
Net profit margin[(2)]	15.4%	14.5%	13.4%
Return on assets[(3)]	4.5	3.8	4.8
Return on equity[(4)]	35.1	21.4	20.7
Current ratio[(5)]	1.5	1.5	4.0

(1) Gross profit margin equals our gross profit divided by revenue for the same year.

(2) Net profit margin equals our profit for the year divided by revenue for the same year.

(3) Return on assets equals profit (on an actual basis for 2022, 2023 and 2024) for the year divided by the average of the opening and ending balances of total assets for the same year and multiplied by 100%.

(4) Return on equity equals profit (on an actual basis for 2022, 2023 and 2024) for the year divided by the average of the opening and ending balances of total equity for the same year and multiplied by 100%.

(5) Current ratio equals our current assets divided by current liabilities as of the end of the year.

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

OUR CONTROLLING SHAREHOLDERS

Since the establishment of our Company, Dr. Xu and Ms. Li have been acting in concert with each other in respect of all major affairs concerning our Group. Dr. Xu and Ms. Li have agreed to, provided that they remain key members in our Group or they remain interested in the share capital of our Company, continue to act in concert with each other after the Listing. As of the Latest Practicable Date, Dr. Xu and Ms. Li collectively control the voting rights of approximately 76.42% of the total issued share capital of the Company, held directly by Ms. Li and indirectly by their respective controlled entities.

Immediately following the completion of the Global Offering, Dr. Xu and Ms. Li will control the voting rights of approximately 67.37% of the total issued share capital of our Company, held (a) directly by Ms. Li as to 7.24% of the total issued share capital of our Company; and (b) indirectly as to 60.12% by their respective controlled entities in aggregate,

namely, Qikang International, Healthy Angel, Hangzhou Haiding and the Employee Incentive Platforms. Accordingly, upon the Listing, Dr. Xu and Ms. Li, together with Qikang International, Healthy Angel, Hangzhou Haiding, Mr. Li Congyan (Ms. Li's spouse) and the Employee Incentive Platforms, are a group of Controlling Shareholders of our Company. See "Relationship with Our Controlling Shareholders" for more information.

PRE-IPO INVESTMENTS

In 2021, we conducted the Pre-IPO Investments with the Pre-IPO Investors, including among others, Puhua Xiaxing, Haibang Taida, Haibang Boyuan, Hangzhou Heda Xinyiyao, Shenzhen Minhe Investment, Nanjing Outao, and Hainan Jingsheng Yiqi. For further details of the identity and background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Development and Corporate Structure—Pre-IPO Investments."

LISTING EXPENSES

The total listing expenses payable by our Company are estimated to be approximately HK$84.4 million, representing 17.0% of the total gross proceeds from the Global Offering, based on an Offer Price of HK$29.50 (being the mid-point of our Offer Price range of HK$28.40 to HK$30.60 per Offer Share). These listing expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the Underwriters, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering. Approximately HK$49.4 million of the total listing expenses is expected to be charged to our consolidated statements of profit or loss, and approximately HK$35.0 million is expected to be deducted from equity (relating to listing expenses directly attributable to the issue of shares).

The following table sets forth a breakdown of the listing expenses for the Global Offering based on the mid-point Offer Price of HK$29.50 per Offer Share.

Listing Expenses	**Based on an Offer Price of HK$29.50 per Offer Share** *(HK$'000)*
Non-underwriting related expenses	
Legal and audit expenses	34,979
Other expenses	24,580
Underwriting related expenses	24,822
Total	84,381

For more details, see "Financial Information—Listing Expenses" in this Prospectus.

OFFERING STATISTICS

The Global Offering consists of (subject to reallocation):

(i) The Hong Kong Public Offering of initially 1,680,000 Offer Shares (subject to reallocation) in Hong Kong; and

(ii) the International Offering of initially 15,120,000 Offer Shares (subject to reallocation) outside the United States in offshore transactions in reliance on Regulation S.

	Based on an Offering Price of HK$28.40 per Offer Share	**Based on an Offering Price of HK$30.60 per Offer Share**
Market Capitalization of our Shares[(1)]	HK$4,027.1 million	HK$4,339.1 million
Unaudited pro forma adjusted net tangible asset per Share[(2)]	HK$9.35	HK$9.59

(1) The calculation of market capitalization is based on 141,800,000 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma net tangible assets per Shares is arrived at after adjusting for the estimated net proceeds from the Global Offering and on the basis that 141,800,000 Shares were in issue assuming that the Global Offering has been completed on December 31, 2024 but takes no account of any Shares which may be issued or repurchased by the Company.

* No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or open transactions of the Group entered into subsequent to December 31, 2024.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering, after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering, will be approximately HK$411.2 million, assuming an Offer Price of HK$29.50 per H Share. We intend to apply such net proceeds from the Global Offering for the following purposes: (1) approximately 76.4% of the net proceeds, or HK$314.0 million, will be used to further expand our service capability and capacity by constructing our facilities, which includes Rocklin Site, Qiantang Site and Hangzhou Biopharma Town Site, in the United States and China; (2) approximately 4.1% of the net proceeds, or HK$16.9 million, will be used for our production capacity expansion in China. In addition to Qiantang Site and Hangzhou Biopharma Town Site, we plan to construct or acquire a new production facility in China in the next two or three years primarily intended for GLP-1 production; (3) approximately 9.5% of the net proceeds, or HK$39.2 million, will be used to establish sales and after-sales service

presence in more regions in Europe to enrich our operations overseas and enlarge our customer pool; and (4) approximately 10.0% of the net proceeds, or HK$41.1 million, will be used for our working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds" for further information relating to our future plans and use of proceeds from the Global Offering, including the adjustment on the allocation of the proceeds in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range.

DIVIDEND

During the Track Record Period, we did not pay any dividends, nor did we declare any dividends. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and applicable laws and regulations. The declaration and payment of any dividends in the future will be determined by our shareholders' meeting, in its discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements, overall financial condition and contractual restrictions. We may by ordinary resolution resolve to declare dividends in any currency and authorize payment of the dividends out of the funds of our Company lawfully available. There is no assurance that dividends of any amount will be declared to be distributed in any year. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

PRC laws require that dividends be paid only out of net profits calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

For more details, see "Financial Information—Dividend" in this Prospectus.

RECENT DEVELOPMENT

We recorded revenue growth in the first four months ended April 30, 2025, compared to the same period in 2024. In January 2025, we received ISO 22716:2007 Cosmetics Good Manufacturing Practices Certification. In March 2025, we obtained the marketing approval for Goserelin Acetate APIs in China. The utilization rates for our production lines stayed at a high level in the first five months of 2025. We define key production lines as (i) synthesis production lines with reactors at high capacities; and (ii) purification lines with large diameters. The consistently high utilization rates across our production lines during the Track Record Period and up to the Latest Practicable Date reflect underlying demand and our

operational efficiency in serving diverse market segments. The successful marketing approval for Goserelin Acetate APIs in China further expands our product portfolio and market reach, creating new revenue opportunities. Our ISO 22716:2007 certification qualifies us to enter the cosmetics manufacturing sector, positioning us to capitalize on the growing demand for cosmetic peptides and related products. With our enhanced manufacturing credentials, expanded product approvals, and proven operational performance, we are well-positioned to pursue opportunities across multiple sectors while maintaining our core business momentum. In addition, as we fulfilled all the Conditions attaching to the Bond-related Grant in June 2024, the remaining Bond-related Grant is recognized as other income in 2024 and is one-off in nature, we expect a decrease in other income in 2025. For details, please see "Financial Information—Other Payables and Accruals" and Note 26 and Note 31 of the Accountants' Report in Appendix I to this Prospectus.

On September 9, 2024, the U.S. House of Representatives passed the BIOSECURE Act. The BIOSECURE Act prohibits entities that receive federal funds from using biotechnology that is from a company associated with a foreign adversary. Specifically, federal agencies and recipients of federal funds (e.g., grantees) may not procure or use any biotechnology equipment or service that is from a biotechnology company of concern and may not contract with any entities that do so. A biotechnology company of concern is an entity that is under the control of a foreign adversary and that poses a risk to national security based on its research or multiomic data collection (e.g., collection of genomic information). As of the Latest Practicable Date, we believe that the risk of our operations being affected by the proposed BIOSECURE Act is low because we have not been named as a "biotechnology companies of concern" as defined in the proposed BIOSECURE Act. For details, please see "Regulatory Overview—Other Foreign Regulations—Laws and Regulations concerning International Trade—Proposed BIOSECURE Act."

The U.S. government has announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies, including with respect to the pharmaceutical industry. In February 2025, the United States government imposed a 10% tariff on imports from China. Such tariff was further increased to 20% in March 2025. Between February 2025 and April 2025, the U.S. administration has cumulatively imposed additional 145% tariffs (on top of other tariffs imposed before February 2025) on Chinese imports. Other countries, including China, announced retaliatory actions or plans for retaliatory actions. For example, on April 11, 2025, China responded by increasing tariffs on U.S. goods to 125%. On May 12, 2025, China and the United States jointly announced a 90-day suspension of certain of their trade restrictions, so that the United States will impose tariffs of 30% on most Chinese imports during this period, while China will impose tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period. The additional tariffs imposed by the U.S. government on certain products imported from China may impact our cost structure, increase our operating costs and create disruptions in our supply chain.

Impact of tariffs

As of the Latest Practicable Date, the recently imposed tariffs have not caused an immediate material adverse impact on our business operations and financial performance. As of the Latest Practicable Date, we have not experienced any attempts by our U.S. customers to renegotiate pricing or cancel orders in response to the tariffs. On the contrary, our total revenue from U.S. customers increased for the four months ended April 30, 2025 as compared to the same period in 2024.

Most of our products exported to the U.S. are subject to tariffs. Substantially all of these tariffs are borne by our customers. In a typical order, our customer is responsible for import clearance and tariff payments.

Our U.S. revenue primarily consists of APIs used in clinical development, rather than for commercialized products. We believe certain of our products are subject to favorable tariff treatment under the Harmonized Tariff Schedule of the United States ("HTS"). The HTS works by assigning a standardized classification code to every imported product, which determines the applicable import duty rate, trade agreements, trade quota or other special requirements for goods entering the U.S. Certain classifications enjoy more favorable tariff rates as compared to the others, and certain of our customers may be able to leverage such classifications for more favorable tariffs on certain of our products exported to the U.S.. We cannot assure you, however, that our customers are able to avail themselves of the full benefits under the HTS, if at all, or that the classification of our products under the HTS for favorable tariffs treatment would not be challenged by the U.S. custom.

As the tariffs are borne by our U.S. customers, we do not believe the new tariff policy has a direct or immediate material impact on our business operations or financial performance. We believe impact from the tariffs, if any, is only temporary and not long-term. Given the ongoing uncertainty surrounding tariff policies, it is common for customers to exercise greater caution when placing orders. Instead of placing large orders to build inventory, some customers are increasingly adopting a just-in-time ordering approach. This shift has led to a temporary decrease in our order backlog. As of April 30, 2025, the amount of backlogs (representing confirmed purchase orders with specified amount that had not been fulfilled or delivered) was RMB349.0 million, consisting of RMB34.3 million and RMB314.7 million from CRO and CDMO services, respectively. This represents a decrease from our backlogs (representing confirmed purchase orders with specified amount that had not been fulfilled or delivered) of RMB408.5 million as of December 31, 2024, consisting of RMB37.6 million and RMB370.9 million from CRO and CDMO services, respectively.

Customer behavior change is industry wide and not specific to our company. We also believe the change is only temporary for the following reasons:

- Tariffs are typically assessed at the time of delivery, which often occurs several weeks after an order is placed. Given the current tariffs pause is only for 90 days, changes in customer behavior are primarily due to concerns that tariff rates

applicable at the time of delivery may differ materially from those at the time of order placement. This is not driven by a decline in underlying demand. Based on daily communications with customers and to the best of our knowledge, we are not aware of the customers' shifting orders to competitors during this period. Rather, customers have indicated they are waiting for greater clarity and stability in tariff policy. We believe this can be effectively resolved if the tariffs are stabilized at a level not worse than the current situation;

- The backlog from the U.S. customers is primarily driven by the clinical development stages and evolving clinical needs of our clients, and as such, it has historically fluctuated over time. Revenue is recognized only after considering various factors, including delivery schedules and fulfillment conditions. Moreover, numerous other variables contribute to our revenue beyond the recorded backlog. Accordingly, short-term changes in backlog levels do not necessarily correspond to changes in revenue;

- We believe demand for our services persists, and as the tariffs are also applicable to our competitors, they have only narrowed the price differences between us and our main competitors. Although additional tariffs may apply to our services, we remain confident in our ability to compete effectively in the global market, leveraging our competitive pricing and operational efficiency. During the Track Record Period, we had a higher profit margin as compared to our competitors. This margin provides us with room to adjust our pricing strategy;

- Many of our U.S. customers are multinational corporations with global demand that extends beyond the U.S. market, and have imposed strategic planning for logistic arrangements and inventory management to enhance tax efficiency;

- We also benefit from a high degree of customer stickiness. Customers' drug development processes are closely tied to the APIs supplied by us. Switching to an alternative supplier may entail significant cost and regulatory implications which may be burdensome, as it may require changing the API, amending regulatory filings, and potentially conducting additional clinical trials; and

- Additionally, our reputation for delivering high-quality APIs and services has positioned it to attract new customers while retaining existing ones.

Mitigating measures

We also plan to take certain measures to tackle with the potential impact of future U.S. tariffs:

- Our facility in the U.S., which provides GMP production services for peptide APIs, may serve the needs of the U.S. customers while reducing the impact of the tariffs between China and the United States. We plan to complete the construction of our

new production lines at the Rocklin site in California (including installation of equipment) during the second half of 2025, which is expected to increase our annual production capacity by approximately 100 to 300 kilograms. Furthermore, we intend to utilize proceeds from the Global Offering to enhance our production capabilities and to expand our R&D team at the Rocklin site.

- We will continue to support our U.S. customers' determination of more favorable tariffs for the APIs supplied by us.

- We will coordinate with our U.S. customers, many of whom are multinational corporations with global needs, to fulfill more global orders in more locations in addition to the U.S..

Based on the aforementioned, our Directors believe that the recently imposed tariffs have not caused material adverse impact on our business operations and financial performance.

However, given the ongoing discussions between the United States and its trade partners, including China, there remains significant uncertainty about whether the United States may further change the scope, level and interpretation of tariffs it imposes. Revenue contribution from the U.S. accounted for 37.7%, 34.1%, 55.0% for the year ended December 31, 2022, 2023 and 2024, respectively. As the revenue contribution from the U.S. accounted for a significant portion of our total revenue and may continue to increase, if the United States imposes a higher tariff this may have a material negative impact on our business operations and financial performance. For details, please refer to "Risk Factors–Risks Relating to Doing Business in Jurisdictions Where We Operate–Changes in geopolitical relationships, international trade policies and other tensions may impact our business operations" and "Future Plans and Use of Proceeds".

No Material Adverse Changes

Our Directors confirm that up to the date of this Prospectus, there has been no material adverse changes in our financial, operational, or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2024, being the end of the period reported on the Accountants' Report included in Appendix I; and there has been no event since December 31, 2024 and up to the date of this Prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Prospectus. However, our financial performance may be affected by changes in the fair value of redemption liabilities on equity shares until their conversion into equity upon Listing.

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Prospectus.

"Accountants' Report"	the accountants' report prepared by Ernst & Young, details of which are set out in Appendix I
"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
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix III
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Capital Market Intermediaries" or "capital market intermediary(ies)" or "CMI(s)"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chief Executive Officer"	the chief executive officer of our Company
"China", "Mainland China" or "PRC"	the People's Republic of China which, for the purpose of this Prospectus and for geographical reference only, excluding Hong Kong Special Administrative Region of the PRC, Macao Special Administrative Region of the PRC, and Taiwan Region

"Chinese Peptide"	Chinese Peptide Company* (中肽生化有限公司), formerly known as Chinese Peptide Company* (杭州中肽生化有限公司), a limited liability company incorporated under the laws of the PRC on August 27, 2001 and a wholly-owned subsidiary of the Company
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	Medtide Inc. (泰德醫藥(浙江)股份有限公司), a limited liability company incorporated in the PRC on June 11, 2020 and converted into a joint stock company with limited liability on February 10, 2023, formerly known as Taide Pharmaceutical (Zhejiang) Co., Ltd.* (泰德醫藥(浙江)有限公司)
"Compliance Adviser"	Altus Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Dr. Xu, Ms. Li, Healthy Angel, Qikang International, Mr. Li Congyan, Hangzhou Haiding, Hangzhou Xiyong and Hangzhou Yuanxi. See section headed "Relationship with Our Controlling Shareholders" in this Prospectus
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company

"Dr. Xu"	Dr. Xu Qi (徐琪), our chairwoman of the Board, an executive Director, Chief Executive Officer and one of our Controlling Shareholders
"EIT"	the PRC enterprise income tax
"EIT Law"	the 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
"EMA"	European Medicines Agency
"Employee Incentive Platforms"	the pre-IPO employee incentive platforms of our Group, namely Hangzhou Xiyong and Hangzhou Yuanxi
"Exchange Participant"	a person (a) who, in accordance with the Rules of the Hong Kong Stock Exchange, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FDA"	the Food and Drug Administration of the U.S.
"FINI"	the "Fast Interface for New Issuance" platform operated by HKSCC
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and Independent Third Party, which prepared the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this Prospectus
"Gaodi Investment"	Gaodi Investment Development (Shanghai) Co., Ltd.* (高迪投資發展(上海)有限公司), a limited liability company incorporated under the laws of the PRC on January 29, 2014 and a wholly-owned subsidiary of our Company

"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we" or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hangzhou Biopharma Town Site"	the Group's new production facility under construction located in Biopharma Town (醫藥港小鎮), Hangzhou, Zhejiang, China
"Hangzhou Haiding"	Hangzhou Haiding Technology Co., Ltd.* (杭州海鼎科技有限公司) (previously known as Shaoxing Haiding Technology Co., Ltd.* (紹興海鼎科技有限公司)), which is owned as to 99% by Ms. Li, our executive Director, and 1% by her spouse, Mr. Li Congyan (李從岩) and is one of our Controlling Shareholders

"Hangzhou Xiyong"	Hangzhou Xiyong Enterprise Management Consulting Partnership (Limited Partnership)* (杭州熙永企業管理諮詢合夥企業(有限合夥)), formerly known as Liaocheng Xihe Enterprise Consulting Partnership (Limited Partnership)* (聊城熙和企業管理諮詢合夥企業(有限合夥)), which is a limited partnership established in the PRC on December 3, 2020 and a pre-IPO employee incentive platform of our Group, of which Ms. Li is the sole general partner and is one of our Controlling Shareholders
"Hangzhou Yuanxi"	Hangzhou Yuanxi Enterprise Management Consulting Partnership (Limited Partnership)* (杭州元熙企業管理諮詢合夥企業(有限合夥)), formerly known as Liaocheng Yuande Enterprise Consulting Partnership (Limited Partnership)* (聊城元德企業管理諮詢合夥企業(有限合夥)), which is a limited partnership established in the PRC on December 3, 2020 and a pre-IPO employee incentive platform of our Group, of which Ms. Li is the sole general partner and is one of our Controlling Shareholders
"Healthy Angel"	Healthy Angel International Limited, a company incorporated in the Marshall Islands on March 13, 2014 with limited liability, which is wholly-owned by Dr. Xu, and is one of our Controlling Shareholders
"HK$" or "Hong Kong dollars" or "HK dollars" and "HK cents"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for 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 Hong Kong Offer Shares on your behalf

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a person admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 1,680,000 H Shares offered by us for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustments as described in the section headed "Structure of the Global Offering")
"Hong Kong Public Offering"	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustments as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy), on and subject to the terms and conditions described in the section headed "Structure of the Global Offering"
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Hong Kong Underwriters"	the underwriters listed in the paragraph headed "Underwriting—Hong Kong Underwriters", being the underwriters of the Hong Kong Public Offering

"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 19, 2025, relating to the Hong Kong Public Offering entered into by, among other parties, our Company, Dr. Xu, Healthy Angel, Qikang International, Hangzhou Haiding, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting—Hong Kong Underwriting Arrangements—Hong Kong Public Offering—Hong Kong Underwriting Agreement"
"Independent Third Party(ies)"	any entity(ies) or person(s) who, to the best knowledge of our Directors having made due and careful enquiries, is not a connected person of our Company within the meaning of the Listing Rules
"Inflation Reduction Act"	a United States federal law which aims to reduce the federal government budget deficit, lower prescription drug prices, and invest in domestic energy production while promoting clean energy
"International Offer Shares"	the 15,120,000 H Shares offered by our Company pursuant to the International Offering (subject to adjustment as described in the section headed "Structure of the Global Offering")
"International Offering"	the offering of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, as further described in the section headed "Structure of the Global Offering"
"International Underwriters"	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering expected to be entered into on or about the Price Determination Date by, among other parties, our Company, Dr. Xu, Healthy Angel, Qikang International, Hangzhou Haiding, the Overall Coordinators and the International Underwriters, as further described in the section headed "Underwriting—International Offering"

"Joint Bookrunners"	the joint bookrunners of the Listing as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Global Coordinators"	the joint global coordinators of the Listing as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Sponsors"	the joint sponsors of the Listing as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"Latest Practicable Date"	June 16, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
"Listing"	the listing of our H Shares on the Main Board
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about June 30, 2025, on which the H Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MFDS"	the Korean Ministry of Food and Drug Safety
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))

"Ms. Li"	Ms. Li Xiangli (李湘莉), our executive Director and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法)
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Adviser"	Grandall Law Firm (Hangzhou), our legal adviser on PRC laws in connection with the Global Offering

"Pre-IPO Employee Incentive Scheme"	the pre-IPO employee incentive scheme of our Company approved and adopted in December 2020 and amended in November 2021 and November 2022, as amended from time to time, a summary of the principal terms of which is set forth in the section headed "Statutory and General Information—Pre-IPO Employee Incentive Scheme" in Appendix IV
"Pre-IPO Investment(s)"	the investment(s) in our Group undertaken by the Pre-IPO Investors, the details of which are set out in the section headed "History, Development and Corporate Structure" in this Prospectus
"Pre-IPO Investor(s)"	the investor(s) making investments in our Group prior to this initial public offering as set out in the section headed "History, Development and Corporate Structure—Pre-IPO Investments—Overview"
"Price Determination Agreement"	the agreement to be entered into by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or before Thursday, June 26, 2025 (Hong Kong time) on which the Offer Price is determined, or such later time as our Company and the Overall Coordinators (on behalf of the Underwriters) may agree, but in any event not later than 12:00 noon on Thursday, June 26, 2025
"Prospectus"	this Prospectus being issued in connection with the Hong Kong Public Offering
"Qiantang Site"	the production facility situated in No. 69, Street 12 of Qiantang District, Hangzhou, Zhejiang Province, China
"Qikang International"	Health Angel International Limited (琪康國際有限公司), a limited company incorporated in Hong Kong on April 1, 2014, which is wholly-owned by Healthy Angel, and is one of our Controlling Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board

"Renminbi" or "RMB"	the lawful currency of the PRC
"Rocklin Site"	the new production facility of our Group under construction in Rocklin, California, United States
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has now been merged into the SAMR
"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)
"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"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 in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the committee of the Supervisors
"TGA"	the Therapeutic Goods Administration of Australia
"Track Record Period"	the years ended December 31, 2022, 2023 and 2024

"treasury shares"	has the meaning ascribed to it under the Listing Rules
"U.S. Government"	the federal government of the United States, including its executive, legislative and judicial branches
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "USA" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"United States Economic Sanctions"	economic, financial and trade restrictions imposed against individuals, entities, and jurisdictions whose actions contradict United States foreign policy or national security goals
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"US$" or "U.S. dollars" or "USD"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the White Form eIPO Service Provider, at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited

"Xinbang"	Guizhou Xinbang Pharmaceutical Co., Ltd. (貴州信邦製藥股份有限公司), which was incorporated in the PRC on January 27, 1995 and converted into a joint-stock company on February 2, 2002, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002390)
"Yuanxi Pharmaceutical"	Hangzhou Yuanxi Pharmaceutical Technology Co., Ltd.* (杭州源璽醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC on December 25, 2020 and a wholly-owned subsidiary of the Company
"%"	per cent

Certain amounts and percentage figures included in the Prospectus 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.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) 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. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

* *For identification purposes only*

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

"amino acid"	organic molecules containing an amine and carboxylic acid that are monomers of a peptide chain
"ANDA"	abbreviated new drug application, a simplified submission to the FDA requesting authorization to market a new formulation of an existing drug or an investigational drug similar to an already approved drug, for which both its therapeutic indications and formulation were previously approved by the FDA
"API"	active pharmaceutical ingredients, any substance or mixture of substances intended to be used in the manufacture of a drug (medicinal) product in order to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or function of the body
"aptamer"	single-stranded oligonucleotides that fold into specific architectures and bind to targets to inhibit protein – protein interactions
"ASO"	antisense oligonucleotide, small nucleic acid drugs comprised of single-stranded nucleic acid used to treat diseases at the gene level
"biologic"	a product that is composed of any virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, polypeptide, protein or analogous product applicable to the prevention, treatment or cure of diseases or conditions of human beings
"Cbz"	benzyloxycarbonyl group, used for amine group protection in organic synthesis

"CDMO"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"cGMP"	current good manufacturing practice
"clinical trial/study"	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
"CMC"	chemistry, manufacturing, and control, a section to evaluate the characteristics of a therapeutic and its manufacturing and quality testing process used to support clinical studies and marketing applications
"CoA"	Certificate of Analysis, a contractual document often issued by a quality control department, confirming with analysis results that a product is tested with available results
"commercialization"	the stage in drug development when a new drug is approved and released to the market
"CpG oligonucleotides"	cytosine-phosphorothioate-guanine oligodeoxynucleotides, short single-stranded synthetic DNA molecules that can activate various immune-cell subsets
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotech, and medical device industries in the form of research services outsourced on a contract basis
"CRDMO"	contract research, development and manufacturing organization, a company that provides discovery, research, development and manufacturing services in the pharmaceutical and/or biotech industry on a contract basis
"cyclic peptide"	peptide chains taking cyclic ring structure
"cyclization techniques"	techniques to cyclize peptides using a chemical linker which binds to several amino acids within a peptide

"difelikefalin"	a kappa opioid receptor agonist used in the treatment of pruritus associated with chronic kidney disease in patients undergoing hemodialysis
"DMF"	drug master files, submissions to regulatory authorities used to provide confidential, detailed information of drug products
"DNA"	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
"DOTA"	1,4,7,10-tetraazacyclododecane-1,4,7,10-tetraacetic acid
"DOTAGA"	2-(4,7,10-tris(carboxymethyl)-1,4,7,10-tetraazacyclododecan-1-yl) pentanedioic acid
"drug discovery"	the process through which potential new drugs are identified and may involve a wide range of scientific disciplines, including biology, chemistry and pharmacology
"drug product"	a dosage form that contains one or more APIs and/or inactive ingredients
"drug substance"	an API that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or any function of the human body
"dsRNA"	double-stranded RNA, a signal for inducing the transcriptional silencing of a specific gene
"DTPA"	diethylenetriaminepentaacetic acid
"FDA-483 observation"	an FDA 483 observation, or "inspectional observation," is a notice sent by the FDA to highlight any potential regulatory violations found during a routine inspection. This can relate to the company's facility, equipment, processes, controls, products, employee practices, or records. If the issues are systemic, the 483 observation can trigger training, redesign, process implementation, and other measures

"FFS"	fee-for-service, a payment model where the fee income is primarily based on the services provided
"Fmoc"	fluorenylmethoxycarbonyl protecting group, a base-labile protecting group for amines used in organic synthesis
"formulation development"	the process of designing and creating a stable and effective drug product by combining the API with excipients to achieve optimal bioavailability, stability, and patient compliance, to ensure that the drug can be safely and efficiently manufactured and delivered to meet regulatory requirements for use on humans
"FTE"	full-time-equivalent, a payment model where a number of employees are allocated to the project at a fixed rate per employee per period of time
"GalNAc"	N-acetylgalactosamine, an amino sugar derivative of galactose
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"generic drug"	a drug that is chemically identical to an original drug and is generally available in the same or similar strength and dosage forms as the original drug
"GLP"	good laboratory practice, a quality system of management controls for research laboratories and organizations to try to ensure the uniformity, consistency, reliability, reproducibility, quality and integrity of chemical and pharmaceuticals non-clinical safety tests
"GLP-1"	glucagon like peptide-1, a naturally occurring peptide hormone that decreases blood sugar levels in a glucose-dependent manner by enhancing the secretion of insulin
"GLP-1RA"	GLP-1 receptor agonist
"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

"ICH"	International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, a project that brings together the regulatory authorities of Europe, Japan, China and the United States and experts from the pharmaceutical industry in these regions for the purpose of reducing or eliminating the need to duplicate the testing carried out during the research and development of new medicines by recommending ways to achieve greater harmonization in the interpretation and application of technical guidelines and requirements for product registration
"IND"	investigational new drug, an application in the drug review process required by a regulatory authority to decide whether a new drug is permitted to initiate clinical trials; also known as clinical trial application, or CTA, in European Union
"KPI"	key performance indicator
"ligation method"	a method of joining of two peptide fragments through amino acid by the action of an catalytic enzyme
"LNA"	locked nucleic acids, also known as bridged nucleic acid or inaccessible RNA, a modified RNA nucleotide in which the ribose moiety is modified with an extra bridge, providing increased stability against enzymatic degradation
"MAPs"	multiple antigenic peptides
"metabolism"	the chemical processes that occur within a living organism in order to maintain life, comprising catabolism (breakdown of larger molecules into components) and anabolism (synthesis of smaller molecules into larger ones with specific structures, characteristics and purposes)
"method development"	a process to establish a suitable analytical methodology to separate, identify, and quantify the chemical components in a particular sample
"method validation"	an assessment of a procedure to ensure that the product is suitable for its intended purpose

"multinational corporation"	also known as multinational company, a company that has business operations in at least one country other than its home country
"molecule"	a group of two or more atoms connected by chemical bonds, forming the smallest unit of a substance that retains the composition and properties of that substance
"NCE"	new chemical entity, a novel, chemical molecule drug that is undergoing clinical trials or has received a first approval
"NDA"	new drug application, a process required by an regulatory authority to approve a new drug for sale and marketing
"NOTA"	1,4,7-triazacyclononane-1,4,7-triacetic acid
"NOTAGA"	2-(4,7-bis(carboxymethyl)-1,4,7-triazonan-1-yl) pentanedioic acid
"O-ethyl"	a common nucleoside modification of RNA to increase affinity
"oligonucleotides"	short DNA or RNA molecules that have a wide range of application in pharmaceutical and biotech industries, which can be synthesized in laboratories or found in nature
"O-methoxyethyl"	a common nucleoside modification of RNA to enhance binding affinity
"O-methylation"	a common nucleoside modification of RNA to produce a methoxy group
"PDC"	peptide drug conjugate, the attachment of a drug/probe to a peptide by a selective chemical reaction
"peptide"	small fragments of proteins, typically comprising 2-99 amino acids with a molecular weight of less than 10,000 Da.
"peptide-focused CRDMO"	CRDMO companies where peptide CRDMO services contribute over 50% of their revenues
"pharmacopoeia"	a book that is published by government authorities or medical or pharmaceutical societies to provide directions for identifying and preparing drugs or biological products

"Phase I clinical trial"	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 efficacy
"Phase II clinical trial"	a study in which a drug is administered to a limited patient population to preliminarily evaluate the efficacy of the product for specific targeted diseases, to identify possible adverse effects and safety risks, and to determine optimal dosage
"Phase III clinical trial"	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
"piRNA"	piwi-interacting RNA, small non-coding RNA molecules expressed in animal cells that are involved in gene silencing
"PMO"	phosphorodomidate morpholino oligomers, a type of oligomer molecule (an oligo) that inhibits gene expression in a sequence-dependent manner
"PNA"	peptide nucleic acids, an artificially synthesized polymer similar to DNA or RNA to hybridize with complementary DNAs or RNAs with high affinity and specificity
"POC"	peptide-oligonucleotide conjugate, a covalent construct that links a molecule like DNA to a synthetic peptide sequence
"polypeptide"	a molecular chain of amino acids
"preclinical study"	a study testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"process validation"	the analysis of data gathered throughout the design and manufacturing of a product in order to confirm that the process can reliably output products of a determined standard

"QC"	quality control, a process to review the quality of products and ensure the safety, efficacy, and consistency of pharmaceutical products
"RDC"	radionuclide drug conjugate, as a particular form of coupling drugs, are formed by combining radioactive isotopes with disease-targeting molecules
"release testing"	an assessment of the measure of release of the API from the drug product matrix in controlled conditions
"registration inspection"	an inspection carried out by the NMPA to determine the safety, efficacy, quality controllability of drug candidates seeking regulatory approval for commercialization
"RNA"	ribonucleic acid, a molecule made up of one or more nucleotides that plays an essential biological role in coding, decoding, regulation, and expression of genes
"RNAi"	RNA interference, a biological process in which RNA molecules are involved in sequence-specific suppression of gene expression by RNA
"RISC"	RNA-induced silencing complex is a multiprotein complex, specifically a ribonucleoprotein, which functions in gene silencing via a variety of pathways at the transcriptional and translational levels
"semaglutide"	a GLP-1 analog peptide, used for the treatment of type two diabetes and long-term weight management
"shRNA"	short hairpin RNA, an artificial RNA molecule with a tight hairpin turn that can be used to silence target gene expression via RNAi
"siRNA"	small interfering RNA, sometimes known as short interfering RNA or silencing RNA, a class of double stranded non-coding RNA molecules to inhibit gene expression
"small molecule"	in the fields of molecular biology and pharmacology, a low molecular weight organic compound that may regulate a biological process, with a size in the order of one nanometer

"Spray Dry"	a method of forming a dry powder from a liquid or slurry by rapidly drying with a hot gas
"stability tests" or "stability studies"	tests or studies on the capability of a drug in a specific container/closure system to remain within its physical, chemical, microbiological therapeutic and toxicological specification
"synthesis"	the production of compounds by chemical reaction from simple starting materials
"t-Boc"	tert-butyloxycarbonyl group or tert-butoxycarbonyl protecting group, a protecting group used in organic synthesis which can be added to amines under aqueous conditions
"teduglutide"	glucagon-like peptide-2 analog that is used for the treatment of short bowel syndrome
"TIDES"	TIDES drugs and TIDES-relevant products
"TIDES CRDMO"	CRDMO service for TIDES, including TIDES drugs and TIDES-relevant products
"TIDES drugs"	primarily consist of peptide drugs and oligonucleotide drugs
"TIDES-relevant product"	other products relevant to peptides or oligonucleotides except drugs, such as TIDES cosmetics product
"tirzepatide"	a long-acting glucose-dependent insulinotropic peptide analogue that activates both the GLP-1 and glucose-dependent insulinotropic peptide receptors and is used for the treatment of type two diabetes and for weight loss
"triptorelin pamoate"	a pamoate salt of triptorelin that is a medication to decrease testosterone to treat prostate cancer
"validation"	a process that involves performing laboratory tests to verify that a particular instrument program, manufacturing process, analytical method or measurement technique is working properly and is capable of being relied upon

We have included in this Prospectus forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Prospectus contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words "aim," "anticipate," "aspire," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "schedules," "seek," "should," "target," "vision," "will," "would," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in the section headed "Risk Factors" and elsewhere in this Prospectus, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- our ability to maintain the market positions and the actions and developments of our competitors;
- our ability to effectively control costs and operating expenses;
- the ability of business partners 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, including our service and geographic expansion plans; and

- all other risks and uncertainties described in "Risk Factors".

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this Prospectus.

In this Prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this Prospectus. Any such information may change in light of future developments.

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, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest 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 growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your investment. 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 and our industry; (ii) risks relating to doing business in jurisdictions where we operate; and (iii) risks relating to the Global Offering. Additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the risks we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our business largely depends on our customers' spending on and demand for our discovery, development and manufacturing services for peptide and oligonucleotides, their budget for R&D expenditure and the clinical and market success of their products. Any reduction in spending or demand from our customers could have a material adverse effect on our business, financial condition, results of operations and prospects.

The success of our business largely depends on the number and size of service agreements/orders that we obtain from our customers, primarily including pharmaceutical and biotech companies, pursuant to which these customers outsource their peptide and oligonucleotides discovery, development and manufacturing projects to us. Over the past several years, we have benefitted from an increased demand for our services primarily as a result of the continued growth of the peptide drugs and the outsourcing service industry and increasing R&D expenditures of our customers. Changes in demand from customers whether due to reasons related to us or to their own product development or commercialization plans, may affect their purchase amount from us and our revenue. For more information on the industry trend, please see the section headed "Industry Overview." A slowing or reversal of any of these trends could have a material adverse effect on the demand for our services.

In addition to the forgoing industry trends, our customers' willingness and ability to utilize our services are also subject to, among other things, their own financial performance, changes in their available resources, access to capital, their decisions to acquire in-house discovery, development or commercial manufacturing capacity, their spending priorities, their budgetary policies and practices, and their need to develop new products, which, in turn, is dependent upon a number of factors, including their competitors' discovery, development and commercial manufacturing initiatives, and the anticipated market update, clinical and reimbursement scenarios for specific products and therapeutic areas. We may experience reduction in spending by domestic customers due to their unexpected or delayed development progress, and the lack of sufficient funding. For example, we experienced a slight decrease in revenues from 2022 to 2023, which was primarily due to a 10.4% decrease in average revenue per customer from approximately RMB528.0 thousand in 2022 to RMB474.0 thousand in 2023.

In addition, consolidation in the industries in which our customers operate may have an impact on such spending as our customers integrate acquired operations, including research and development departments and manufacturing operations. Such consolidation primarily takes place among leading companies within the related industry, serving as an internal initiative aimed at enhancing the production capacity of these leading companies. Furthermore, consolidation requires significant capital and labor resources, which most companies in the industry cannot afford. Although consolidation is not a general trend within the industry and only happens in exceptional cases, any such consolidation may still have an impact on customers' spending as they integrate acquired operations, including research and development and manufacturing operations. If our customers reduce their spending on our services as a result of any of these or other factors, our business, financial condition, results of operations, cash flows and prospects would be materially and adversely affected.

We may not be successful in developing, enhancing, adapting to or acquiring new technologies.

The global pharmaceutical and biotech outsourcing services market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. It is critical for us to continue investing significant amounts of human and capital resources to develop or acquire new technologies in order to enhance the scope and quality of our services. We may also decide to continue expanding our business by entering into new markets and new geographic areas, and therefore may need to develop or adapt to new technologies and methodologies. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies in a timely manner or at all. Any failure to do so could stagnate or even significantly reduce demand for our services and harm our business and prospects. Even if we are able to successfully develop new technologies and methodologies or optimize existing technologies after we spend significant time and efforts on research and development, we cannot guarantee you that we will definitely be able to generate sufficient return on our investment.

Furthermore, to develop and market our new technologies and methodologies successfully, we are required to accurately assess and meet customers' needs, make significant capital expenditures, optimize our drug development and manufacturing process to predict and control costs, hire, train and retain qualified personnel, obtain required regulatory clearances or approvals, increase customer awareness and acceptance of our services, provide quality services in a timely manner, price our services competitively, integrate innovations into our existing system and effectively incorporate customer feedback into our business planning. If the demand for our new technologies or methodologies decreases, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, technology innovations could bring alternatives to our current and potential customers, which could reduce or even eliminate the demand for our services at all. Our failure to develop, introduce or enhance our services' ability to compete with new technologies in a cost-effective and timely manner could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to effectively develop and market new services, which may harm our growth opportunities and prospects.

We intend to continue to expand our oligonucleotide CDMO service and enhance formulation capabilities. We are also constantly evaluating potential areas where future business opportunities may arise. To develop and market our new services successfully, we must accurately assess and meet customer needs, make significant capital expenditures, optimize our service processes to predict and control costs, hire, train and retain the necessary personnel, obtain required regulatory clearances or approvals, increase customer awareness and acceptance of our services, provide services of a high quality and in a timely manner, price our services competitively, compete effectively with others and effectively integrate customer feedback into our business planning and improvement. If we fail to effectively develop new services and create demand for them, our future business, including our results of operations, financial condition, cash flows and prospects, could be materially and adversely affected. We may not be successful or may consume a significant amount of time and resources in expanding into non-peptide (such as small molecule and biologics) CRDMO services, considering the high entry barrier and differences in terms of technology, production, business development and operations.

We are subject to inspections conducted by relevant regulatory authorities.

In many countries or regions where pharmaceutical products are intended to be ultimately sold, such as China, the U.S. and certain E.U. countries, the relevant government agencies and industry regulatory bodies impose high standards on the safety and efficacy of such products, as well as stringent laws, regulations and industry standards on how we and our customers develop and manufacture such products. Depending on different jurisdictions in which our customers operate, our provision of CRDMO services for those customers is subject to various and extensive ongoing regulations of the NMPA, the FDA, the EMA and equivalent regulatory authorities of other jurisdictions. These regulatory authorities may conduct inspections of our facilities to monitor our regulatory compliance from time to time. Any adverse actions by the competent authorities against us could result in warning letters, product recalls or seizures, monetary sanctions, injunctions to halt manufacture and distribution, restrictions on our

operations, civil or criminal sanctions, or withdrawal of existing or denial of pending approvals, including those relating to products or facilities, or other punitive actions against us or our customers, the termination of ongoing projects by our customers and the disqualification of data for submission to regulatory authorities. Any of the above negative consequences could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects.

Changes in government regulations or in practices relating to the pharmaceutical and biotech industries, including reform of the drug approval process in relevant jurisdictions, could decrease demand for the services we provide, and compliance with new regulations may result in additional costs. Changes that result in a relaxation in regulatory requirements, or the introduction of simplified approval procedures which will lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements or may make our services less competitive, could eliminate or substantially reduce the demand for our services.

Further, we are subject to certain laws and regulations that require us to obtain and maintain various approvals, licenses, permits, certificates, registrations or filings from different authorities to conduct and operate our business. We could be ordered by the relevant regulatory authorities to cease operation, or may be required to undertake corrective measures requiring capital expenditure or other remedial actions, which could materially and adversely affect our business, financial condition and results of operations. There is also no assurance that the relevant regulatory authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted. In addition, some of these approvals, permits, licenses, certificates, registrations or filings 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. We may also be required to obtain additional approvals, permits, licenses, certificates, registrations or filings that were previously not required to operate our existing businesses as a result of new regulations coming into effect, change to interpretation or implementation of existing laws and regulations. We may face adverse actions by the relevant authorities in relations to renewals or obtaining additional approvals, permits, licenses, certificates, registrations or filings, which could materially adverse affect our business.

We face increasing competition and may not be able to compete effectively, which may result in downward pricing pressure or reduced demand for our services.

The global pharmaceutical CRDMO service market is highly competitive, and we expect the level of competition will continue to increase. As a CRDMO service provider for peptide, we compete, both domestically and internationally, with other players in the market, such as full-service or specialty pharmaceutical outsourcing companies, large pharmaceutical companies offering third-party manufacturing services. We face competition in several different areas, including scientific expertise, knowledge and experience in research and development, availability of a broad range of equipment and technology compliance with cGMP, regulatory compliance, cost-effective services, financial stability, quality and breadth of

services, our capacity and ability to deliver in a timely manner, our ability to protect intellectual property or other confidential information of our customers, maintenance of our qualifications and accreditations, depth of customer relationships and prices.

Some of our competitors may have more financial resources, better research and technical capabilities, broader scope of service, more pricing flexibility, stronger sales and marketing efforts, longer track record and better brand recognition. In addition, our competitors may improve the performance of their services, and introduce new services with lower prices, or adapt more quickly to new technologies and changes in customer demand and requirements. Changes in the nature or extent of our customer requirements may render our service and product offerings obsolete or non-competitive. Furthermore, increased competition could create additional pricing pressure on our services, which could reduce our revenue, gross profit margin and profitability. We may rely on customers' peptide development plan, which could affect their purchase from us and our revenue. There is no assurance that we will be able to compete effectively with existing competitors or new competitors or that increased level of competition will not adversely affect our business, results of operations, financial condition and prospects.

We also expect continuous competition from both domestic and international competitors as we continue to invest in more sophisticated capabilities and capacity in laboratory, process development and manufacturing services. We also expect increasing competition as additional competitors enter our market and as more advanced technologies become available. We compete with other pharmaceutical CRDMO service providers in specific service areas. We also compete with the in-house development and commercial manufacturing functions of pharmaceutical and biotech companies.

Competition in the CRDMO market for GLP-1 products may intensify as the growing GLP-1 market attracts more market entrants.

We have strategically focused on the pipeline buildup in the field of GLP-1. GLP-1 has become a major driver for the rapid growth of the global peptide drug market. Our future growth in business scale and results of operations also depend in part on GLP-1 related projects. GLP-1 drugs has changed the drug landscape for the treatment of metabolic diseases. The global GLP-1 drug market by sales revenue grew from US$9.3 billion in 2018 to US$38.9 billion in 2023, representing a CAGR of 33.2%, and is expected to further grow to US$129.9 billion in 2032, representing a CAGR of 14.3%. However, if the growth of global GLP-1 drug market turns out slower than the forecast above, or if the global GLP-1 drug market experiences a decline in overall size in the future, our business prospects as reflected by the size of our addressable market and the demand for our GLP-1 related projects may be materially adversely affected. In addition, the fast-evolving GLP-1 market may attract an influx of new entrants into the CRDMO market for GLP-1 products, which could substantially increase competition within the industry. These new entrants may include established non-peptide-focused CRDMO companies as well as new start-ups, and each may bring financial resources, technologies or business strategies that could compete with our business.

If these new market entrants offer prices, technology or service capabilities that are accepted by the market, we may be forced to adjust our own pricing strategies, upgrade our service capabilities, and consequently incur significant expenses and expenditure, which may not necessarily provide the return as anticipated. If we are unable to compete effectively against these new market entrants, our business, results of operations, financial condition and prospects may be adversely affected.

If our service quality fails to meet our customers' evolving needs, or if we fail to meet our customers' audit and inspections, our customers may not continue to purchase our services.

The services we offer are customized, exacting and complex, due in part to strict regulatory requirements. We believe service quality and customer satisfaction are among the most important factors for our business growth, failure to which may impair our reputation and result in decline in customer demand for our services. In order to deliver quality services, it is critical to understand and take actions to fulfill the customer's expectation and adapt to the customers' evolving needs. Our results of operations further depend on our ability to execute and, when necessary, improve our quality management strategy and systems, and our ability to effectively train and maintain our employee base with respect to quality management. We believe our strong execution capabilities and quality services are widely recognized by our customers. However, we cannot assure you that we will always be able to deliver quality services that meet our customers' evolving needs. A failure of our quality control systems in our existing and future operations and facilities could result in problems with facility operations or preparation or provision of product or service. In each case, such problems could arise from a variety of factors, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials or manufacturing operations, operator error, and failure to comply with regulations enforced by relevant government. Such problems could affect our development and production process, and may result in project suspension, destruction of products or a halt of facility production altogether.

In addition, our failure to meet required quality standards may result in our failure to timely deliver high quality work products, including API and products we manufacture for our customers' projects, to our customers, which in turn could damage our reputation and business relationship with our customers. Any such failure could, among other things, lead to increased costs, lost revenue, reimbursement to customers damage to and possibly termination of existing customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other products. If problems are not discovered before a product is released to the market by our customers, product recall and liability costs may also be incurred. In addition, such risks may be greater at facilities that are new or going through significant expansion or renovation.

Furthermore, our customers regularly inspect our facility, processes and practices to ensure that our services meet their standards in the discovery, development and manufacturing process. However, we cannot assure you that we will be able to pass all the customer audits and inspections at all times. Failure to pass any of these audits or inspections to our customers'

satisfaction could significantly harm our reputation and result in the termination of ongoing projects by our customers, which could materially and adversely affect our business, financial condition, results of operations and prospects.

If our customers determine that their expenditures on our services do not generate expected results, they may allocate a portion or all of their budgets to our competitors and reduce or terminate their business with us. Therefore, we cannot assure you that customers that have utilized our services in the past will continue to spend at similar levels, or that they will continue to use our services at all in the future. We may not be able to replace customers which decrease or cease their purchase of our services with new customers that spend at similar levels or more on our services. As a result, we may suffer from a loss of customers and our ability to maintain and/or grow our revenues will be materially and adversely affected.

We may not be able to execute our growth strategies or manage our growth effectively.

Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing our growth strategies will require, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive global pharmaceutical CRDMO service market, effectively coordinate and integrate our facilities and teams across different sites, hire, train and retain qualified personnel, implement effective cost control and quality control, maintain sufficient liquidity, and effective and efficient financial and management control, carry out increased marketing and customer support activities, and manage our suppliers to leverage our purchasing power. If we fail to successfully execute our growth strategies, we may not be able to maintain our growth rate and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to implement our expansion plan to enhance our manufacturing capabilities as planned, or if such plan fails to achieve expected benefits, our business and prospects could be materially and adversely affected.

We provide manufacturing services at different scales, including laboratory scale, non-GMP scale and cGMP-compliant scale, to support our customers' non-clinical, clinical and commercialization needs. We currently mainly rely on our facilities in Hangzhou to manufacture peptide and oligonucleotides products. We plan to increase our production capacity by building additional facilities in the United States and Hangzhou for clinical and commercial manufacturing of peptide and oligonucleotides. However, we cannot assure you that our expansion plan will be successfully implemented without delays or at all. Our ability to implement our expansion plan is subject to a number of factors. New manufacturing facilities may require prior review by regulatory authorities and/or approval of the manufacturing process and procedures in accordance with applicable requirements. This review may be costly and time-consuming. In addition, we will need to ensure that our new manufacturing facilities meet applicable quality standards, such as GLP, GMP and cGMP, for which we may incur substantial costs.

Any failure or delay in implementing any part of our expansion plan may result in a lack of production capacity to support our growth, market expansion, and the commercialization of our customers' products, which in turn could adversely affect our business, results of operations and financial condition. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures. In addition, if we fail to fully utilize the additional production capacity due to any adverse change to the market environment, technologies, and relevant policies, our business, results of operations and financial condition could be materially and adversely affected.

If we are unable to successfully expand or operate in new geographic markets, our growth, results of operations and financial condition could be adversely affected.

During the Track Record Period, we generated a majority of our revenue from customers overseas. We intend to further expand our geographic footprint, and we intend to meet the growing demand from customers worldwide. The legal and regulatory frameworks and competitive landscapes in United States and any other jurisdictions where we may maintain operations in the future may be different from those of the PRC. Our current and future operations also may be subject to regulation by U.S. federal, state and local authorities including, among others, the Centers for Medicare and Medicaid Services and other divisions within the U.S. Department of Health and Human Services such as the Office of the Inspector General and the Office for Civil Rights. Our future manufacturing facilities will be required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the FDA or other comparable regulatory authorities to ensure compliance with GMP regulations. Further, we will be subject to continual review and inspections to assess compliance with GMP and other marketing application, and previous responses to any inspection observations if we were to build manufacturing facilities in the future. More generally, we may incur additional costs associated with complying with such federal or local laws and regulations. Furthermore, in light of our future manufacturing facilities, we may not be able to adequately manage our operational costs, such as costs associated with staffing, production, among others. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirements, we could be subject to applicable penalties. We may encounter unforeseeable barriers and challenges, which may result in a delay to or failure of our expansion plans. In addition, we may not be able to manage our costs or generate sufficient revenue to justify the time and resources spent on such expansion plan. If our geographic expansion is unsuccessful, our business operation and financial condition could be materially and adversely affected.

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

Our success depends on our team of scientists and other technical personnel and their ability to deliver high-quality and timely services to our customers and keep pace with cutting-edge technologies. Such scientists are well-sought after by our competitors and we may

face challenges in attracting and retaining skilled scientists and other technical personnel. We compete vigorously with pharmaceutical and biotech companies, other outsourcing services providers and research and academic institutions for qualified and experienced scientists and other technical personnel. We may not be able to hire and retain enough skilled and experienced scientists or other technical personnel at the current level of wages. 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 changes in customer needs and 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.

The continuing and collaborative efforts of our senior management and key employees are crucial to our success, and our business could be severely disrupted if we lose their services.

The continued service of our senior management and key employees is critical to the success of our business. In particular, we are dependent on our senior management team led by our Executive Directors, for their management, supervision and planning of our business. Our senior management's technical and industry expertise have significantly contributed to the growth of our institutional knowledge base. The loss of service with respect to any of our senior management or key scientific personnel may have a material adverse effect on our business and operations. If we lose the services of any senior management member or key employee, we may be unable to identify and retain a suitable qualified replacement and may incur additional expenses and time to recruit and train new personnel, which could severely disrupt our business operations.

We have made, and are continuing to make, significant capital investments to meet growing demands of our customers, and, as a result, we depend on the continued success of our customers' projects and business.

We have made and are continuing to make significant capital expenditures based on anticipated demand from existing and potential new businesses. We depend on our customers' success in advancing their products through development, regulatory approval and commercialization. We depend on the continued success of these projects, as well as exploration of new business opportunities, to support our sustained growth. Any delay, non-approval, unexpected side effect, low success rate or lack of demand may have a material impact on our business. Consequently, we may be required to reallocate our resources, a decision that could cause delays in our service offerings and result in lower-than-expected revenue.

Our customers operate in a heavily regulated industry and are subject to the oversight of regulators across the globe, including in China, the United States and Europe. Changes in laws and regulations in those jurisdictions relating to the pharmaceutical and biotechnology industries could materially and adversely affect the business of our customers and in turn affect

the demand for our services. Any such existing or proposed regulations could expose our services to higher requirements and the evolving interpretation and application of these laws and regulations may have a material impact on our and our customers' operation and business. If the business of our customers is negatively affected, the demand for our services may decrease as a result.

Specifically, early-stage biotech companies which have little assets or capital may rely particularly on the success of their projects to maintain their business. If their projects were to fail, these companies may not be able to continue to operate and may become insolvent. If this were to happen, these companies may not be able to pay our service fees and may need to terminate their service agreement with us.

We may not be successful in protecting the intellectual property owned by us or our customers or licensed from third parties.

Our success depends on the protection of the intellectual property owned by us or our customers or licensed from third parties. We primarily rely on our own know-how, trade secrets and other intellectual property to carry out our CRDMO services. In addition, due to the nature of our services, we typically have access to a significant amount of know-how, intellectual property and even trade secrets owned by our customers. Our customers typically retain ownership of all intellectual property of their products, including the intellectual property provided to us. We typically own all intellectual property rights relating to any process, analytical method development related technical inventions, trade secrets, or improvements conceived during the performance of the projects between our customers and us. We take significant efforts to protect our customers' proprietary and confidential information, including requiring our employees and relevant other third parties to enter into confidentiality agreements prohibiting them from disclosing our customers' proprietary information or technology. However, these agreements may not provide meaningful protection for our customers' trade secrets and proprietary know-how as relevant parties may breach these agreements, which is out of our control. Any failure to protect the intellectual property owned by our customers or licensed from third parties may subject us to liability for breach of contract, as well as significantly damage our reputation, which is fundamental to our business.

Further, unauthorized third parties may obtain access to our trade secrets or know-how, and others may independently develop similar or equivalent trade secrets or know-how. Although we strive to diligently protect our intellectual property rights, we cannot assure you that all of our efforts to protect and defend our intellectual property will be successful, and we may encounter challenges in securing and enforcing our intellectual property rights. If our proprietary information is divulged to third parties, including our competitors, or our intellectual property rights are otherwise misappropriated or infringed, our competitive position could be harmed. Any failure to protect our own intellectual property may severely disrupt our business operations and reduce or eliminate any competitive advantage we have

developed. Failure to protect the intellectual property owned by us or our customers or licensed from third parties could materially harm our business, financial condition, results of operations and prospects, and any remediation may significantly divert management's attention and resources from other activities.

Our services and our customers' products may infringe on or misappropriate the intellectual property rights of third parties.

Any claims that our services infringe third parties' rights, including claims arising from our contracts with our customers, regardless of their merit or resolution, could be costly and may divert the efforts and attention of our management and technical personnel. We may not prevail in such proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If such proceedings result in an adverse outcome, we could be required, among other things, to pay substantial damages, discontinue the use of the infringing technology, expend significant resources to develop non-infringing technology, license such technology from the third party claiming infringement (which license may not be available on commercially reasonable terms or at all) and/or cease the infringing processes or offerings, any of which could have a material adverse effect on our business.

In addition, our customers' products may be subject to intellectual property infringement claims and such claims could materially affect our business if their products cease to be manufactured and they have to discontinue the use of the infringing technology which we may provide. Any of the foregoing could affect our ability to compete or could have a material adverse impact on our reputation, business, financial condition and results of operations.

We may fail to retain our existing customers or acquire new customers.

We have a diverse and growing customer base with a global footprint. However, we cannot assure you that we will be able to retain all existing customers. We cannot assure you that we will be able to maintain or strengthen our relationships with our existing customers, or that our existing customers will continue to outsource projects to us. If there is any significant reduction in spending on our CRDMO services by our existing customers due to industry consolidation, deterioration of their financial conditions, budget cuts on R&D activities, pending regulatory approvals or other reasons, and we are unable to obtain suitable contracts or work orders of a comparable size and terms in substitution, our business, financial condition and results of operations may be materially and adversely affected. In addition, any deterioration on our major customers' ability to settle their trade receivables in a timely manner will have a material adverse effect on our results of operations.

Our success also depends on our ability to acquire new customers. We may not be able to attract new customers if we are unable to maintain our competitive edges including, among others, service capabilities and quality, timeliness of delivery and proprietary technical capabilities. Our success in attracting customers will also depend, in part, on our ability to be responsive to pricing pressures and changing industry trend. To remain competitive in the global peptide and oligonucleotides outsourcing services market, we must continuously expand

our integrated service capabilities, develop and upgrade our proprietary technical capabilities and grow with our customers to establish long-term relationship. We also may not be able to attract customers if we are unable to market ourselves effectively. If we are unable to attract new customers, our business, financial condition or results of operations could be materially and adversely affected.

The potential loss of our five largest customers in each year during the Track Record Period or any of our large contracts could materially and adversely affect our business, financial condition and results of operations.

In 2022, 2023 and 2024, revenue generated from our five largest customers in each year during the Track Record Period accounted for 44.8%, 48.3% and 50.3% of our revenue in each year, respectively, and revenue generated from our largest customer in each year during the Track Record Period accounted for 15.4%, 20.9% and 26.8% of our revenue in each year, respectively. For more information about our top five customers in each year during the Track Record Period, see "Business—Customers." We cannot assure you that we will be able to maintain or strengthen our relationships with our five largest customers in each year during the Track Record Period, or that our five largest customers in each year during the Track Record Period will continue to outsource projects to us. If there is any significant reduction in spending on our CRDMO services by our five largest customers in each year during the Track Record Period due to industry consolidation, deterioration of their financial conditions, budget cuts on R&D activities, pending regulatory approvals or other reasons, and we are unable to obtain suitable contracts or work orders of a comparable size and terms in substitution, our business, financial condition and results of operations may be materially and adversely affected. In addition, any deterioration on our key customers' ability to settle their trade receivables in a timely manner will have a material adverse effect on our results of operations.

We may not recover some or all of our cost or receive service fees, if we fail to complete our services stipulated under our contracts or work orders, or if we under-price our services for any reason.

We generate revenue primarily from CRDMO services provided on FFS and FTE basis. We generally receive payments in accordance with a pre-agreed payment schedule specified in the contract or work order. The payment schedule sets out the fees for services we provide at relevant discovery, development or manufacturing steps that fall under the scope of work in the contract or work order. Our service contracts and work orders under the FFS model typically include a detailed schedule that sets forth specifications of and anticipated time required for completing each step as well as the corresponding payment. For more information, see "Business—Our Business Model—Our Fee models." As a result, if we fail to deliver services in a timely manner in accordance with our contractual requirements, regulatory standards or ethical considerations, if we incur cost overruns or if we price these contracts or work orders below our costs because of competitive pressures, we could be subject to significant costs. Furthermore, should our customers' drug candidates fail to pass the requisite steps or proceed through development, regulatory approval or commercialization, our services would be cut

short and we would not be able to fully realize the value of our contracts or expand our services to later stage work for such customer, which could have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In pricing our contracts, we evaluate factors such as market positioning, prices of comparable services offered by our competitors, degree of saturation of the market, market trends, complexity of the services required, costs of our services, and timeliness. However, we cannot guarantee that our evaluation of these factors is accurate and correct. In the event that our contracts are underpriced or our operating costs exceed our budgets, we would incur losses on our contracts and our business, financial condition, results of operations, cash flows, and prospects would be adversely affected.

We are subject to product and other liability risks that could have a material adverse effect on our results of operations and financial condition.

In providing our services, we face a range of potential liabilities. We typically undertake to defend, indemnify and hold our customers harmless from and against any liabilities and damages (including reasonable attorneys' fees) resulting from any third-party claims, demands, suits or proceedings to the extent arising out of or relating to our negligence, willful misconduct, unlawful activities or material breach of the long-term service agreement or project-based service contract or a work order under the long-term service agreement. In particular, we may face product liability risks if the peptide and oligonucleotides we help to discover, develop or manufacture are subject to product liability claims. We provide services in the discovery, development and commercial manufacturing of peptide and oligonucleotides that are intended ultimately to be used in humans, either in clinical trials or as marketed products, although we do not commercially market or sell these products to end users. If any of these drugs harms people due to our negligence, willful misconduct, unlawful activities or material breach, we may be subject to litigation and may be required to pay damages. Damages awarded in a product liability action could be substantial and could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Although we currently maintain product liability insurance, our insurance coverage may be inadequate or may become unavailable on terms acceptable to us.

Our customers' peptide and oligonucleotides are, or may in the future be, sold, in jurisdictions, particularly in developed markets such as the United States, Europe and Japan, which may have onerous product liability and pharmaceutical product regulatory regimes, as well as litigious environments that may further expose us to the risk of product liability claims. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant resources and the time and attention of our management.

The peptide and oligonucleotides we help to discover, develop or manufacture may cause undesirable adverse events that could cause a decline in customer demand for our services.

Undesirable adverse events caused by the peptide and oligonucleotides we help to discover, develop or manufacture could cause our customers 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 for the relevant drugs. Results of our customers' trials could reveal a high and unacceptable level of severity or prevalence of adverse events. In such event, trials could be suspended or terminated and the regulatory authority may order our customers to cease further development of, or deny approval of, such drugs. If any of adverse events is attributable to or associated with our services, with or without merits, it may cause a decline in customer demand for our services and materially and adversely affect our business, results of operations and financial condition.

Any disruption of our current facility could restrict our ordinary business operations and materially and adversely affect our results of operations and financial condition.

As of the Latest Practicable Date, we operated one facility in China and another two facilities were under construction in the United States and China, respectively. Our facilities may be harmed or rendered inoperable by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the land underlying the facilities, and the regulatory development, many of which are beyond our control. Any substantial interruption in the development and manufacturing operations at our current facility could result in our inability to satisfy customer demands, or even lead to our failure to fulfill contractual obligations, which could in turn materially and adversely affect our business, results of operations and financial condition.

Our reputation is key to our business success. Negative publicity may adversely affect our reputation, business and growth prospect.

Any negative publicity concerning us or our affiliates, even if untrue, could adversely affect our reputation and business prospects. In particular, in light of our specialized customer base, customer referrals and word-of-mouth marketing have significantly contributed to our ability to acquire customers. Damage to our reputation could be difficult, expensive and time-consuming to repair and could make potential or existing customers reluctant to select us for new engagements, resulting in a loss of business and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our brand name and could reduce investor confidence in us, adversely affecting the price of our Shares.

Doing business with overseas customers and planned international expansion may subject us to a number of economic, political, regulatory, operation and management risks.

We have developed a global customer base. In 2022, 2023 and 2024, 71.1%, 78.0% and 78.6% of our revenue were attributable to ultimate customers with headquarters overseas. As a CRDMO, we may have obligations under the medicinal products regime that applies in the jurisdictions where our customers are located to the extent that we are involved in R&D, preclinical studies and/or clinical trials. Failure to comply with any of the legal and regulatory requirements may result in material impact on our provision of services to customers in the relevant jurisdictions. We intend to continue to expand our presence globally. We face risks and challenges in serving overseas customers, future overseas operations and competing in international markets, including, but not limited to:

- our ability to effectively manage our employees in different business environments from that of the PRC;
- our ability to develop and maintain relationships with customers, suppliers and other local business;
- compliance with product safety requirements and standards that are different from those of the PRC;
- variations and changes in laws applicable to our operations in different jurisdictions, including enforceability of intellectual property and contract rights;
- a rising trade protectionism, a decline in world trade or a downturn in the economy of the United States or the European Union;
- customs regulations and the import and export of goods and raw materials;
- the ability to provide sufficient levels of technical support in different locations;
- our ability to effectively communicate internally and with our customers across different cultures;
- our ability to obtain and renew licenses that may be needed in various jurisdictions to support operations;
- fluctuations in currency exchange rates;
- changes in local tax laws, tax rates in certain countries that may exceed those of the PRC and lower earnings due to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- seasonal reductions in business activity;

- local laws related to, and relationships with, local labor unions and works councils; and

- general economic and political conditions.

If any of these risks later materializes and we have failed to anticipate and effectively manage them, we may suffer a material adverse effect on our business and results of operations.

We may be directly or indirectly subject to applicable anti-corruption and anti-bribery laws and regulations, which could expose us to penalties and other adverse effects.

We provide CRDMO services primarily for pharmaceutical and biotech companies, and we and our customers are subject to anti-bribery laws of China. The PRC government has taken increasingly stringent measures to correct corruptive practices in the pharmaceutical industry ("**Anti-Corruption Campaign**") since 2023. For example, in May 2023, 14 governmental departments including the National Health Commission jointly issued the Key Points for the Correction of Malpractice in the Purchase and Sales of Medical Products and Medical Services in 2023 (《2023年糾正醫藥購銷領域和醫療服務中不正之風工作要點》), emphasizing the need to address prominent corruption issues in the healthcare industry, particularly to rectify the malpractice that may occur involving the medical industrial associations and during the process of the purchases and sales of medical products. The Anti-Corruption Campaign targets not only at the medical and health institutions, but has also extended to upstream manufacturers, distribution channels, and third-party organizations, such as medical industrial associations. As this campaign deepens, the proposed sales and marketing programs of our customers may be impacted and the demand for our services may decrease. In addition, many of our customers are located in the United States and are subject to the Foreign Corrupt Practices Act ("**FCPA**") that generally bans an entity from, directly or indirectly, making improper payments to foreign officials for the purpose of obtaining or retaining business. As a result, our service contracts often include anti-bribery provisions which require us to comply with the FCPA and other anti-bribery laws in the United States. As our business has expanded, the applicability of the FCPA and other anti-bribery laws to our operations has increased.

Although we have procedures and controls to monitor anti-bribery compliance, we cannot guarantee these measures can fully protect us from reckless or criminal acts committed by our employees or agents, and we could be held liable for actions taken by our employees or agents, which could expose us to risks of regulatory investigations and penalties. If we fail to comply with applicable anti-bribery laws due to our own deliberate or inadvertent acts or those of our employees, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and significant expenses, which could have a material adverse effect on our business, financial condition and results of operations.

We may become subject to legal or administrative proceedings and claims during the ordinary course of our business.

We may become, from time to time, subject to legal or administrative proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Actions brought against us, with or without merit, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, we may incur significant costs and divert management's attention and resources in such defense. In addition, from time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favorable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not 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.

Our insurance might not cover claims brought against us, or might not provide sufficient payments to cover all of the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with our customers, our customers do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations or reputation.

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

Our operations require a sufficient number of qualified employees. In recent years, the average labor cost in the global CRDMO market, has been steadily increasing as the competition for qualified employees has become more intense. Our staff costs accounted for 31.6%, 35.5% and 33.5% of our cost of sales in 2022, 2023 and 2024, respectively. We cannot assure you that there will not be further increase in labor cost. If there is a significant increase in our labor cost, our operations and profitability may be adversely affected.

We depend on a stable and adequate supply of quality raw materials from our suppliers, and price increases or interruptions of such supply could have an adverse impact on our business.

Our business operations require a substantial amount of raw materials. In 2022, 2023 and 2024, our material costs accounted for 38.9%, 33.2% and 36.3% of our cost of sales, respectively. The raw materials and equipment required for the provision of our services are generally readily available in the market through a number of suppliers. In the event of significant price increases for raw materials, we cannot assure you that we will be able to raise the prices of our services sufficiently to cover the increased costs. As a result, any significant price increase for our raw materials may have an adverse effect on our profitability. A sustained disruption in the supply chain involving multiple customers or vendors could have a material adverse effect on our results of operations.

Furthermore, suppliers may fail to provide us with raw materials and other components that meet the qualifications and standards required by us or our customers. If suppliers are not able to provide us with materials that meet our or our customers' specifications on a timely basis, our discovery, development and manufacturing activities may be interfered, or such materials may be available only at a higher cost or after a long delay, which could prevent us from successful and timely completion of the specified tasks in the drug development process as prescribed in our service contracts or work orders. Any such inability to deliver or delay in delivering our services may create liability for us to our customers for breach of contract or cause us to experience order cancellations and loss of customers. We may become subject to product liability or warranty claims caused by defective raw materials or components from a supplier.

We cannot assure you that we will be able to secure a stable supply of raw materials going forward. Our suppliers may not be able to keep up with our fast growth or may reduce or cease their supply of raw materials to us at any time. Our supplier relationships could be interrupted due to natural disasters, international supply disruptions caused by geopolitical issues, trade frictions, global shipping crises, or other events beyond our control or could be terminated in the future. Any sustained interruption in our receipt of adequate supplies could have an adverse effect on our business and financial results.

In addition, while we have supply chain processes intended to reduce volatility in component and material pricing, we may not be able to successfully manage price fluctuations. Price fluctuations or shortages could have a material adverse effect on our results of operations and financial condition. Furthermore, we cannot assure you that our suppliers have obtained and will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and such failure by them may lead to interruption in their business operation, which in turn may result in shortage of raw materials supplied to us. Some of our suppliers are based overseas and therefore may need to maintain export or import licenses. If the supply of raw materials is interrupted, our business operation and financial position may be adversely affected.

Our operations may be affected by concentrating on a few key suppliers. Should there be any loss of key suppliers or disruption in their supply, our business and results of operations could be materially and adversely affected.

We rely on a limited number of suppliers for supply of raw materials, machinery and equipment, engineering and others. 43.6%, 40.4% and 32.5% of our total purchase for 2022, 2023 and 2024, respectively, were from our five largest suppliers in each year during the Track Record Period. It generally involves several risks when there is a concentration on a few key suppliers, including the possibility of defective products from a supplier, loss of market share of supplier's products, failure of supplier's products to maintain their competitiveness because of changing industry standards or clients' preference, a shortage of product supply and loss of such suppliers.

We may not be able to meet the delivery schedules or may encounter delays in our projects if we are unable to maintain our relationships with our key suppliers or our key suppliers fail to supply the raw material to us in a timely manner and under acceptable terms. If there is any disruption in their supply of materials to us and we are unable to identify an alternative source of supply with competitive prices and terms and satisfactory quality in a timely manner, our business and results of operations may be adversely affected.

We may not be able to effectively manage our inventory levels.

Our inventories include raw materials used for our services. We manage the raw materials' inventory level by monitoring the status of our ongoing projects and incoming new projects, and place orders with suppliers for any inventory that is expected to decline below targeted levels. We procure raw materials and equipment in accordance with our business expansion plan or to replace obsolete equipment on an as-needed basis. Adequate inventory level, however, is subject to numerous uncertainties, including current project progress, our level of success in securing new projects and other factors beyond our control. We recorded inventories of RMB79.3 million, RMB73.0 million and RMB84.8 million as of December 31, 2022, 2023 and 2024, respectively.

If we fail to manage our inventory levels effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in the value of inventories, and potential inventory write-downs or write-offs. Procuring additional inventories may also require us to commit substantial working capital, preventing us from using such capital for other purposes. Any of the foregoing may materially and adversely affect our results of operations and financial condition.

We face foreign exchange risk, and fluctuations in exchange rates could have a material adverse effect on our financial condition and results of operations.

Changes in exchange rates have in the past, and could in the future continue to, materially and adversely affect our financial condition and results of operations. Our margins will be under pressure when the Renminbi appreciates against the U.S. dollar. For example, we recorded foreign exchange differences in connection with our operations, which led to gains of RMB11.9 million, RMB5.1 million, and RMB7.3 million in 2022, 2023 and 2024, respectively.

Fluctuations in exchange rates between the Renminbi and the U.S. dollar and other currencies may be affected by, among other things, trade tensions between the U.S. and China, as well as international economic and political developments. Due to the economic situation and financial market developments in the PRC and abroad, the PRC government has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility.

Significant impairment losses with respect to our trade receivables may materially and adversely affect our business, results of operations and financial condition.

As of December 31, 2022, 2023 and 2024, our trade receivables were RMB20.7 million, RMB40.9 million and RMB62.6 million, respectively, and we recorded allowance for credit losses of RMB4.0 million, RMB4.5 million and RMB4.9 million as of the same dates, respectively. We recognized impairment loss, net of reversal with respect to our trade receivables of RMB1.2 million, RMB0.5 million and RMB0.4 million as of December 31, 2022, 2023 and 2024, respectively. If any of our customers' cash flow, working capital, financial condition or results of operations deteriorates, it may be unable, or it may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial default or delay of a customer's payment obligations may materially and adversely affect our business, financial conditions and results of operations.

We may incur impairment losses with respect to our other intangible assets and goodwill in the future, which may materially and adversely affect our business, financial condition and results of operations.

Our other intangible assets, primarily comprising software and knowhows, were RMB47.0 million, RMB41.1 million and RMB36.0 million as of December 31, 2022, 2023 and 2024, respectively. Our goodwill, amounted to RMB95.4 million, RMB95.4 million and RMB95.4 million as of December 31, 2022, 2023 and 2024, respectively. During the Track Record Period, we did not recognize impairment losses with respect to our intangible assets or goodwill. We cannot assure you that we will not recognize such impairment losses in the future. Impairment losses could arise from various factors such as a decrease in the future utility of our technology assets due to industry advancements that render them obsolete or less useful. Changes in market conditions could also erode the value attributed to customer relationships.

Moreover, an economic downturn affecting our sectors could necessitate a re-evaluation of the carrying value of both our intangible assets and goodwill. Should any such impairments be recognized, our business, financial condition and results of operations could be materially and adversely affected.

The discontinuation of any of government grants or preferential tax treatment currently available to us could adversely affect our financial position, results of operations, cash flows and prospects.

During the Track Record Period, we have benefited from government grants. Our eligibility to receive these financial incentives requires that we continue to meet the specified qualifications. Subject to applicable PRC laws and regulations, tax incentive schemes of the PRC are determined at the discretion of the central government or relevant local government authorities, which could determine to eliminate or reduce the financial incentives, generally with prospective effect. There can be no assurance that we will be able to obtain similar financial incentives on recurring basis, or at all, in the future. Since our receipt of the financial incentives may be subject to periodic time lags and varied practices across different governmental departments, as long as we continue to receive these financial incentives, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these financial incentives in addition to any business or operational factors that we may otherwise experience. The discontinuation of financial incentives currently available to us could have a material adverse effect on our financial condition, results of operations, cash flows and prospects.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material adverse effect on our results of operations and financial condition.

As of December 31, 2022, 2023 and 2024, our contract liabilities were RMB59.1 million, RMB49.4 million and RMB37.4 million, respectively. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the deposits we have received, which may adversely affect our cash flow and liquidity condition. In addition, it may adversely affect our relationship with such customers, which may also affect our reputation and results of operations in the future.

We may undertake acquisitions or joint ventures that may have a material adverse effect on our ability to manage our business and may not be successful.

To pursue our growth strategy, we may acquire new technologies, businesses or services or enter into strategic alliances with third parties. 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 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 into our integrated services from both an engineering and a sales and marketing perspective, integrate and support preexisting supplier, distribution and customer relationships, coordinate research and development efforts, and consolidate duplicate facilities and functions.

The geographic distance between companies, the complexity of the technologies and operations being integrated and the disparate corporate cultures may altogether 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.

Our available cash and stock may be used for our future acquisitions, which will possibly result in significant acquisition-related charges to earnings and dilution to our shareholders. Future acquisitions will likely present challenges and could require that our management develop expertise in new areas, manage new business relationships and attract new types of customers. The diversion of our management's attention and any difficulties encountered in these acquisitions could have an adverse effect on our ability to effectively manage our own business. These acquisitions and equity investments may also expose us to other potential risks, including loss of the invested amounts, inability to earn an adequate return, unforeseen liabilities, diversion of resources from our existing businesses and potential harm to relationships with employees or customers.

We have granted, and may continue to grant, restricted share units or other types of awards under our share incentive plans, which may result in increased share-based payment compensation. Those share-based awards may also adversely impact our results of operations and be dilutive to your shareholding.

We adopted the Pre-IPO Employee Incentive Scheme to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. We incurred share-based payment compensation of RMB1.9 million, RMB1.9 million and RMB4.4 million in 2022, 2023 and 2024, respectively.

We believe share-based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share-based payment compensation to employees in the future. As a result, our share-based payment expenses may increase, which may have an adverse effect on our results of operations and financial condition and dilute your shareholding.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

We may need additional capital, aimed to expand our capacity, develop new services and remain competitive. We expect to meet such capital commitments by using cash from operations and net proceeds to be received from the Global Offering. However, financing may be limited in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities within the industry, global political conditions, economic and other conditions in China, the United States or globally. The sale of additional equity or equity-linked securities could lead to dilution to the shares held by our shareholders.

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

We maintain property insurance policies covering physical damage to, or loss of, our facilities and their improvements, equipment, office furniture and inventory; employer's liability insurance generally covering death or work injury of employees; product liability and professional errors and omissions insurance covering product liability claims arising from the use or operation of our products and claims arising from negligence in connection with our services to customers; public liability insurance covering certain incidents involving third parties that occur on our premises; machinery breakdown insurance covering unforeseen and sudden physical loss or damage to our machinery. We do not maintain key-man life insurance for any members of our senior management or other key personnel or business disruption insurance. See "Business—Insurance" for details. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our facilities, plant and equipment or employee injuries. In particular, we may face product liability risks if the peptide and oligonucleotides we help develop or manufacture are subject to product liability claims. Our liability is not always capped under our service agreements, and in certain cases, the product liability cap is not applicable for claims relating to personal injuries or death. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

Any failure of our information systems, such as from data corruption, cyber-based attacks or network security breaches, could have a material adverse effect on our business and results of operations.

We rely on a variety of information technology and automated operating systems to manage or support our operations, including protecting our customers' intellectual property. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. Our systems and those of third-party providers may be vulnerable to damage or disruption caused

by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access, cyber-attacks and thefts. We cannot assure you that the measures and steps we take to secure our systems and electronic information are adequate. Any significant disruption to our systems could result in unauthorized disclosure of confidential information and adversely affect our business and operating results.

An occurrence of a natural disaster, widespread health epidemic or other outbreaks, could have a material adverse effect on our business, results of operations and financial condition.

Our business could be materially and adversely affected by natural disasters and extreme weather conditions, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of contagious diseases or other adverse public health issues could materially disrupt our business and operations. For example, a series of precautionary and control measures were implemented worldwide to contain the virus during the COVID-19 pandemic.

We are also vulnerable to natural disasters and other force majeure events. Fire, floods, typhoons, earthquakes, power shortages, telecommunications failures, wars, riots, terrorist attacks or similar events could adversely affect our ability to conduct our business. Our business could also be adversely affected by the effects of Ebola virus diseases, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome ("**SARS**"), or other epidemics. The occurrence of any of the foregoing events may, among others, disrupt our R&D and manufacturing activities and affect the business environment and sentiment, all of which may have a material and adverse effect on our business, results of operations, financial condition and prospects.

We may face penalties for our property defects in China.

We have not obtained the relevant permits for the construction of temporary fixture with an aggregate GFA of approximately 389 sq.m, representing less than 2% of total owned GFA. Such temporary fixture are used primarily for protecting instruments from the weather, which are immaterial to our operations. Our rights to these temporary fixture may be limited or challenged by relevant governmental authorities. We may also be subject to administrative fines or other penalties due to the lack of the relevant regulatory permits, certificates and approvals. See "Business—Legal and Compliance Matters—Immaterial Non-compliance" for further description of this incident.

Failure to make full contribution to social insurance and housing provident funds for some of our employees in accordance with relevant PRC laws and regulations may subject us to penalties.

According to the Social Insurance Law and the Regulation on the Administration of Housing Provident Funds and other applicable PRC regulations, any employer operating in China must open social insurance registration accounts and housing provident fund registration accounts, and contribute social insurance premium and housing provident fund for its employees. Any failure to make timely and adequate contribution of social insurance premium and housing provident fund for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such unpaid social insurance premium and housing provident fund within a specified period of time, and the competent authority may further impose fines or penalties. During the Track Record Period, we failed to make full contribution to the social insurance and housing provident funds for some of our employees as required under the applicable PRC laws and regulations, involving an immaterial amount which will not bring any material adverse effect on our operations. In 2022, 2023 and 2024, the amount of shortfall in social insurance and housing provident fund contributions was RMB0.6 million, RMB0.5 million and RMB0.1 million, respectively. As advised by our PRC Legal Adviser, pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Furthermore, pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. See "Business—Legal and Compliance Matters—Immaterial Non-compliance" for further description of this incident.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in geopolitical relationships, international trade policies and other tensions may impact our business operations.

During the Track Record Period, we generated a substantial portion of our revenue from companies headquartered in the United States or other foreign jurisdictions. As a significant part of our capacity and facilities are currently located in China, our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China's political relationships with those foreign countries and regions may affect the demand for our services and our ability to serve foreign customers or joint venture customers set up by foreign companies. There can be no assurance that such customers 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 services and adversely affect our business, financial condition, results of operations, cash flows and prospects.

In recent years, as trade frictions increase between the United States and China, concerns exist among PRC enterprises transacting with United States companies that a possible trade war between the two countries could have possible impact on their business. Elevated tensions between the two countries have been driven by a range of factors, including global pandemic, legislative actions, economic sanctions, and executive orders. These developments have led to restrictions on various transactions and investments involving Chinese enterprises. Rising tensions could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. A trade friction between global large trade partners could also threaten the ongoing global economic development and the increasing cross-border transactions trend. A deterioration in Sino-US relationship could negatively impact the global economic development and the cross-border transactions between China and the United States.

The U.S. government has announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies, including with respect to the pharmaceutical industry. See "Summary—Recent Development" for further details of this development. We also plan to take certain measures to tackle with the potential impact of future U.S. tariffs. See "Summary—Recent Development" for the impact of tariff and our mitigating measures. Based on the aforementioned, our Directors believe that the recently imposed tariffs have not caused material adverse impact on our business operations and financial performance.

However, given the ongoing discussions between the United States and its trade partners, including China, there remains significant uncertainty about whether the United States may further change the scope, level and interpretation of tariffs it imposes. Revenue contribution from the U.S. accounted for 37.7%, 34.1%, 55.0% for the year ended December 31, 2022, 2023 and 2024, respectively. As the revenue contribution from the U.S. accounted for a significant portion of our total revenue and may continue to increase, if the United States imposes a higher tariff this may have a material negative impact on our business operations and financial performance. The tariffs imposed by the United States have led and may in the future lead to retaliatory measures taken by other countries. In such case, our customers in the United States may have to pay higher for our products and services, and we may become less competitive compared to peers outside China, especially peers in the U.S., who are not subject to the special tariff imposed on exports from China. For example, if the United States imposes a 125% or even higher tariff on our goods, we cannot assure you that our U.S. customers would not attempt to renegotiate prices with us or cancel their orders. There is no guarantee that there will not be additional tariffs imposed or enhanced measures against imports from China, which could materially and adversely affect our business operations and financial performance.

We cannot assure you that all of the mitigating measures against higher tariffs would work, if at all. For example, custom authorities may challenge the classification of our products exported into the U.S., or that we may not able to produce the APIs in our U.S. facilities in the near future. Failure of such mitigating measures may have a material adverse impact on our business operations and financial performance. We continually monitor the global trade environment for new and/or changing tariffs, retaliatory actions, trade agreements, export restrictions, sanctions or other restrictions that may impact us or our supply chain or customers.

Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate. Such political tensions and policy changes may have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. Moreover, the bilateral relationship is an ongoing matter, evolving sometimes from day to day, and we cannot predict how the relationship will further evolve or what impact any subsequent developments in the relationship may have on our business.

Given that a substantial number of our customers are pharmaceutical and biotech companies in the United States, the demands of our services are significantly influenced by United States government's attitude toward Chinese services providers in pharmaceutical and biotechnology industries. In addition, foreign CRDMOs may be subject to U.S. legislation, including the proposed BIOSECURE Act. For details, please see "Regulatory Overview—Other Foreign Regulations—Laws and Regulations concerning International Trade—Proposed BIOSECURE Act." If the BIOSECURE Act is enacted in the proposed form, and if we or our customers were to be listed as or designated as "biotechnology companies of concern" as defined in the BIOSECURE Act, our ability and our customers' ability to engage in business with the U.S. government or with companies that engage in business with the U.S. government may be limited, which could disrupt or diminish our business activities. As of the Latest Practicable Date, we believe that the risk of our operations being affected by the proposed BIOSECURE Act is low because we have not been named as a "biotechnology companies of concern" as defined in the proposed BIOSECURE Act. However, we cannot assure you that we will not be negatively influenced by the increasing trade frictions between the United States and China as well as by adverse changes in United States laws and regulations toward diplomatic relations. As a result, our business, financial condition, results of operations and business prospects could be materially and adversely affected.

Our listing may be impeded and our business operations may be adversely affected by the Measures for Cybersecurity Review or the Regulation on the Administration of Cyber Data Security (Draft for Comments).

On December 28, 2021, the Cyberspace Administration of China ("**CAC**"), jointly with the other 12 governmental authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**MCR**"), which became effective from February 15, 2022. Pursuant to Article 2 of the MCR, besides the procurement of network products and services by critical information infrastructure operators, any data processing activity by network platform operators that affects or may affect national security shall be subject to the

cybersecurity review. In accordance with Article 7 of the MCR, network platform operators mastering personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad (國外上市).

Based on the fact that (i) the MCR came into effect recently, and its implementation and interpretation are subject to uncertainties and (ii) we have not been involved in any investigations on cybersecurity review initiated by the CAC on such basis and nor have we received any inquiry, notice, warning, or sanctions in such respect, with the support of our PRC data compliance adviser Han Kun Law Offices, we are of the view that we comply with such regulations in all material aspects and we believe such regulations would not have a material adverse impact on our business operations or our Global Offering. Considering that (a) we have not been involved in any cybersecurity review or investigation by the CAC or other authorities with respect to the MCR; (b) we have not been informed that we are recognized as a crucial information infrastructure operator by any relevant authority; (c) the data processed by us has not been included in the effective core data and important data catalogs by any authority; and (d) we have taken reasonable and adequate technical and management measures to ensure data security, we are of the view that the likelihood that our business operation or the Global Offering might give rise to national security risks is remote.

However, the MCR was released in recent years, certain provisions of which are still unclear and are subject to the finalization or clarifications by relevant authorities. As such, the PRC regulatory authorities may have broad discretion in the interpretation of "affect or may affect national security". If we were deemed as a data processor that "affects or may affect national security" by the PRC regulatory authorities under their broad discretion, we may be subject to cybersecurity review. If we fail to pass such cybersecurity review, our Listing may be impeded, our business operations may be adversely affected, and/or we may be subject to other severe penalties and/or action by the competent government authorities.

Our global business may be subject to compliance with existing or future sanctions and export control laws and regulations.

We have a global sales network and therefore we are subject to sanctions and export control laws and regulations. As a result of the ongoing conflict between Russia and Ukraine, the United States, in coordination with the United Kingdom and the European Union, among others, has implemented sanctions and export control measures targeting Russia, Belarus, and Russian-controlled regions of Ukraine (Crimea, Donetsk and Luhansk). These measures include (i) blocking sanctions prohibiting dealings with various Russian senior government officials, and companies in various sectors important to the Russian economy, including major Russian financial institutions; (ii) expanded sectoral sanctions related to designated Russian entities' ability to raise capital; (iii) the disconnection of certain Russian and Belarusian banks from the Society for Worldwide Interbank Financial Telecommunication ("**SWIFT**") financial messaging network; (iv) bans on new investment in Russia; (v) bans on the provision of certain services in Russia in the areas of accounting, trust formation, management consulting, quantum computing, and in relation to the maritime transport of Russian-origin crude oil and petroleum products; (vi) bans on the import into the United States of certain Russian origin products,

including various energy products; (vii) bans on the conduct of business or investment activity in the Russian-controlled Crimea, Donetsk and Luhansk regions of Ukraine; and (viii) restrictions on the export of various products to Russia and Belarus, including certain dual-use industrial and commercial products, and luxury goods. Additionally, certain logistics operators have imposed bans on direct air deliveries to Russia and restrictions on land deliveries to and from Russia, Belarus and Ukraine.

To date, none of these sanctions or related measures have resulted in any material adverse impacts to our business and we have not been subject to liabilities arising from any violation of these sanctions or related measures. The imposition of the current or possible future additional export controls and economic sanctions on transactions with entities in any countries or regions subject to sanctions or export controls, including Russia could limit or prevent us from operating all or a portion of our business or pursuing future business opportunities in such countries or regions. Any violation by us or other business partners of applicable sanction and/or export control laws and regulations could subject us to liabilities and losses and damage our reputation. In addition, the ongoing conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets and industries that could negatively impact our operations. The scope of the impact of sanctions, export controls and the ongoing conflict between Russia and Ukraine is impossible to predict at this time, and any material change in such laws and regulations could impose additional compliance obligations on our global business or have an adverse impact on our business.

We procure a substantial portion of equipment required for our operations from overseas, including the United States, and we may thus be subject to export control laws and regulations in the applicable jurisdictions, and specifically, the U.S. Export Administration Regulations, U.S. customs regulations and economic and trade sanctions administered by the United States governments, including but not limited to the U.S. Department of Commerce and its agencies, such as the Bureau of Industry and Security, and the U.S. Department of the Treasury and its agencies. These regulations provide that certain products may be exported outside of the United States only with the required export authorizations, including by license, license exception or other appropriate government authorizations. If we fail to comply with these laws or complete inspections required by the regulatory authorities in the United States, such as the U.S. Department of Commerce, in coordination with relevant government authorities of China, we may be adversely affected by reputational harm or loss of access to certain materials and equipment.

The economic, social and other general conditions in jurisdictions where we operate could affect our business, results of operations, financial conditions and prospects.

We conduct a substantial part of our business operations in China. Accordingly, our business, results of operations and financial condition are influenced by economic, social, legal and other general developments in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. Although these reforms have resulted in significant economic growth and social progress, we cannot predict whether changes in China's economic and social conditions, laws, regulations and policies will have any material impact on our future business, financial condition or results of operations. If the business environment in China changes, our business in China and the growth of our business may also be adversely affected.

Compliance with environmental protection and health and safety laws and regulations can be expensive, and noncompliance with these laws and regulations may result in significant monetary damages, fines and other penalties.

Our operations are subject to extensive national and local laws with respect to environmental protection, health and safety, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. In addition, our construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant facilities in certain jurisdictions. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any failure by us to control the use or discharge of hazardous substances could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of development and manufacturing of pharmaceuticals. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. 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 and adverse impact on our business, financial condition, results of operations and prospects.

Our investments in different countries may be adversely affected by regulatory or government scrutiny of the target countries.

We may selectively pursue strategic alliances, investments and acquisitions in the future. Such investments may be subject to stringent regulatory or governmental scrutiny imposed by relevant authorities. For example, the United States Congress has passed legislation that will expand the jurisdiction and powers of the Committee on Foreign Investment in the United States ("**CFIUS**"), the United States interagency committee that conducts national security reviews of foreign investment. The Foreign Investment Risk Review Modernization Act ("**FIRRMA**") was signed into law in August 2018. Pursuant to FIRRMA, investments in companies that deal in "critical technology" are subject to filing requirements and, in some instances, review and approval by CFIUS. The term "critical technology" includes, among others, technology subject to United States export controls and certain "emerging and foundational technology," a term that is still being defined but that is expected to include a range of United States biotechnology. If an investment by a foreign entity in a United States business dealing in "critical technology" meets certain thresholds, a filing with CFIUS is mandatory. While FIRRMA currently grants CFIUS jurisdiction on only controlling and certain non-controlling investments made by foreign persons in United States businesses in research and development in biotechnology, CFIUS's jurisdiction may be further expanded in the future, which may increase the uncertainty and transaction costs of our future investments in and acquisitions of United States biotechnology businesses and therefore adversely affect the implementation of our future merger and acquisition activities and investment strategies in respect of United States biotechnology assets and businesses.

We are subject to stringent privacy laws and information security policies related to data privacy and security, and we may be exposed to risks relating to personal or other sensitive information.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Regulatory authorities in virtually every major target market in which we operate or intend to operate have implemented and are considering a number of legislative and regulatory proposals concerning personal data protection. Whilst we have adopted security policies and measures to protect the data and personal information we process, misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of personal data might not be avoided due to human error, employee misconduct or system breakdown. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information, could cause our customers to lose trust in us and could expose us to legal claims. Although we have made efforts to ensure our compliance with the applicable privacy regulations in the relevant jurisdictions, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

Complying with all applicable laws, regulations, standards and obligations relating to privacy and data security may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

We may face risks from transferring our scientific data.

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. If we are unable to obtain necessary approvals in a timely manner, or at all, our provision of service 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.

Holders of H Shares may be subject to PRC income taxes.

Holders of H Shares that are non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders. According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is imposed at a rate of 20% for any dividends obtained from within China or gains on the transfer of shares and

shall be withheld and paid by the withholding agent. For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC income tax at a 10% rate. 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). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends. According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; (ii) otherwise, 10% of the total amount of dividends. Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

Payment of dividends is subject to restrictions under the applicable PRC laws.

Under the applicable PRC laws and the constitutional documents of our Company, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. As a result of these PRC laws and regulations, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends and we may not have sufficient or any distributable profit to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Limitations on the ability of our

operating subsidiaries in China to pay dividends to us could materially and adversely limit our ability to distribute dividends. In addition, the calculation of our distributable profits under PRC GAAP differs in certain aspects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year if we do not have distributable profits as determined under PRC GAAP even if we have profits as determined under IFRS.

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 a joint stock company incorporated in the PRC. In addition, a majority of our Directors 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 directly effect service of legal process upon us or our Directors and senior management personnel in the PRC.

To address any ESG risks, we may incur additional costs, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business—ESG Matters."

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop, especially taking into account that our existing shareholders may be 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 our negotiations with the Overall Coordinators (for themselves and 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 to the Stock Exchange for listing of, and permission to deal in, our Offer Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our 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.

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 H 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 H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, announcements of competitive developments, acquisitions or strategic alliances in our industry, relationships with our suppliers, movements or activities of key personnel, general market conditions or other developments affecting us or our industry or actions taken by competitors.

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short term following the Global Offering may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

The price of our H Shares when trading begins could be lower than the Offer Price.

The Offer Price of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of the H Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

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. 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.

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

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval) have been duly completed and the filing with the CSRC has been completed. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the market price of H Shares.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience a substantial immediate dilution. There can be no assurances that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. Issuance of additional Shares, or the possibility of such issuance, may cause dilution to our shareholders if we issue additional Shares at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares, and may cause the market price of our H Shares to decline.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interest of our other shareholders.

Immediately upon the completion of the Global Offering, our Controlling Shareholders will collectively control approximately 67.37% voting power at general meetings of our Company. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

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

During the Track Record Period, we did not pay any dividends, nor did we declare any dividends. See "Financial Information—Dividend" for further details of our dividend policy. There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among other considerations, our business and financial performance, cash requirements and availability, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

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

This Prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements

should be considered in light of various important factors, including those set out in the section headed "Risk Factors" in this Prospectus. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics contained in this Prospectus are derived from various official government sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this Prospectus, particularly the section headed "Industry Overview," the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, information and statistics from official government sources have not been independently verified by us or any other parties involved in the Global Offering and no representation is given as to their accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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

You are strongly advised to read the entire Prospectus carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this Prospectus. 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.

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 Companies (Winding up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. 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 facts, the omission of which would make this Prospectus or any statement in this Prospectus misleading.

CSRC FILING REQUIREMENT

We have filed the required documents with the CSRC, and the CSRC has issued the filing notice dated December 12, 2024, confirming our completion of the filing pursuant to the new filing regime introduced by the Overseas Listing Trial Measures for the Global Offering, the conversion of certain Unlisted Shares into H Shares and the listing of the H Shares on the Hong Kong Stock Exchange.

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,680,000 H Shares and the International Offering of initially 15,120,000 H Shares (subject, in each case, to reallocation on the basis described in "Structure of the Global Offering").

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Overall Coordinators (for and on behalf of the Underwriters) and us. The International Offering is managed by the Overall Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Company and the Overall Coordinators (for and on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed between the Company and the Overall Coordinators (for and on behalf of the Underwriters) on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators (for and on behalf of the Underwriters) and the Company, the Global Offering will not proceed. See "Underwriting" for details about the Underwriters and the underwriting arrangements.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which the Overall Coordinators (for and on behalf of the Underwriters) and the Company will determine on or before Thursday, June 26, 2025, and in any event not later than 12:00 noon on Thursday, June 26, 2025.

If the Overall Coordinators (for and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators (for and on behalf of the Underwriters) and the Company, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purposes 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. The distribution of this Prospectus and the offering and sales 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. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his or her acquisition of Hong Kong Offer Shares to confirm, that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this Prospectus. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

The Offer Shares are offered for subscription 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 in connection with the Global Offering to give any information, or to make any representation not contained in this Prospectus, and any information or representation not contained in this Prospectus must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be converted from the Unlisted Shares, our H Shares to be issued pursuant to the Global Offering. Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Monday, June 30, 2025. No part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 100 H Shares. The stock code of the H Shares is 3880.

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

COMPLIANCE WITH LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Listing Rules or such other undertakings which may have been given by us in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Listing Rules.

H SHARE REGISTER AND STAMP DUTY

All H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's H Share register of members to be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. We will maintain the Company's principal register of members at our current registered office in the PRC.

Dealings in the H Shares registered in our H Share register of members will be subject to the Hong Kong stamp duty. See "Statutory and General Information—Other Information—Taxation of Holders of H Share" in Appendix IV to this Prospectus. Investors should seek professional tax advice for further details of Hong Kong stamp duty.

Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our H Share register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars to the registered address of each Shareholder.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

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, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our 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 our H Shares on the Hong Kong Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong 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 details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our H Shares or exercising rights attached to them. None of the Company, the Underwriters, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Capital Market Intermediaries, any of their respective directors, supervisors, officers, employees, agents or advisers or any other persons involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, our H Shares.

INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of Unlisted Shares into H Shares, which involves 56,798,888 Unlisted Shares held by the existing Shareholders. See the sections headed "History, Development and Corporate Structure" and "Share Capital" for details of our existing Shareholders and their respective interests in our Company and relevant procedures for the conversion of Unlisted Shares into H Shares. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing. The relevant filing procedure in relation to the conversion of certain Unlisted Shares into H Shares has been completed on December 12, 2024.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

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

STRUCTURE OF THE GLOBAL OFFERING

See the section headed "Structure of the Global Offering" for details of the structure of the Global Offering, including its conditions.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included herein for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one decimal place. Any discrepancies in any tables or charts between the total shown and the sums of the amounts listed are due to rounding.

MARKET SHARE DATA

The statistical and market share information contained in this Prospectus has been derived from official government publications, market data providers and other independent third-party sources. This statistical information may not be consistent with other statistical information from other sources within or outside the PRC. While reasonable caution has been made in the process of reproducing the data and statistics extracted from such official government publications, the Joint Sponsors and our Company, or any of their directors, employees, agents, and representatives make no representation to the appropriateness, accuracy, completeness or reliability of any such statistical and market share information.

EXCHANGE RATE CONVERSION

Solely for your convenience, certain translations among amounts in Renminbi, HK dollars or US dollars are contained in this Prospectus. None should be regarded as and be interpreted as an amount in one currency that can be on the relevant dates or any other dates actually converted into that in another currency at the rates below or cannot be converted at all. Unless otherwise specified:

(i) all amounts in Renminbi are translated into HK dollars at an exchange rate of RMB0.91457 to HK$1.00, being the middle exchange rate set by the PBOC prevailing on the Latest Practicable Date;

(ii) all amounts in Renminbi are translated into US dollars at an exchange rate of RMB7.1789 to US$1.00, being the middle exchange rate set by the PBOC prevailing on the Latest Practicable Date; and

(iii) all amounts in HK dollars are translated into US dollars at an exchange rate of HK$7.8495 to US$1.00 (calculated based on (i) and (ii) above).

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. 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, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that by either means of relocation of our existing executive Directors or appointment of additional executive Director who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. As such, 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. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

(a) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Ms. Li Lingmei (李玲梅), our executive Director and secretary to the Board, and Mr. Lee Chung Shing (李忠成), our joint company secretary (the "**Authorized Representatives**"). Both of the Authorized Representatives will be readily contactable by telephone, facsimile (if applicable) and email to deal promptly with enquiries from the Stock Exchange. The Authorized Representatives will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the authorized representatives;

(b) both Authorized Representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Company has implemented a policy whereby (1) each Director has provided his/her valid phone numbers or other means of communication to the Authorized Representatives; (2) in the event that a Director expects to travel or is otherwise out of office, he/she will

endeavor to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (3) each Director has provided his/her mobile phone number, office phone number, e-mail address and fax numbers (if applicable) to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(c) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;

(d) all our 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;

(e) pursuant to Rules 3A.19 of the Listing Rules, we have retained the services of Altus Capital Limited as compliance adviser (the "**Compliance Adviser**") upon Listing for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. Our Company shall ensure that our Authorized Representatives, Directors, Supervisors and our senior management members will timely provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in the Listing Rules. We have provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers (if applicable) and email addresses of at least two of the Compliance Adviser's officers who will act as our Compliance Adviser's contact persons between the Stock Exchange and our Company. We will inform the Stock Exchange as soon as practicable in respect of any change of authorized representatives and/or the Compliance Adviser;

(f) our Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Adviser, and to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between

the Stock Exchange and us; meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

(g) we will appoint other professional advisers (including legal advisers in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(h) our Company has designated one of our staff members as the communication officer at our headquarters after the Listing who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Li Lingmei (李玲梅) and Mr. Lee Chung Shing (李忠成) ("**Mr. Lee**") as our joint company secretaries. See the section headed "Directors, Supervisors and Senior Management" for their biographical details.

Ms. Li Lingmei is our executive Director and secretary to the Board. Ms. Li Lingmei has extensive experience in corporate governance, capital markets affairs and board matters. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Li Lingmei who is the secretary of Board and has day-to-day knowledge of the Company's affairs. Ms. Li Lingmei has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Ms. Li Lingmei presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Lee who is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants, and who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Ms. Li Lingmei for an initial period of three years from the Listing Date to enable Ms. Li Lingmei to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the 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 such that Ms. Li Lingmei may be appointed as a joint company secretary of our Company.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be for a fixed period of time ("**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 can be revoked if there are material breaches of the Listing Rules by the issuer. Accordingly, the waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Mr. Lee, as a joint company secretary of our Company, will work closely with Ms. Li Lingmei to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Li Lingmei in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Lee will also assist Ms. Li Lingmei in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Lee is expected to work closely with Ms.

Li Lingmei and will maintain regular contact with Ms. Li Lingmei, the Directors and the senior management of our Company. In addition, Ms. Li Lingmei will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing. Ms. Li Lingmei will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Mr. Lee ceases to provide assistance to Ms. Li Lingmei as a joint company secretary for the three-year period after the Listing Date or where there are material breaches of the Listing Rules by our Company.

Before the end of the three-year period, the Company must demonstrate and seek the Stock Exchange's confirmation that Ms. Li Lingmei, having had the benefit of Mr. Lee's assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

See "Directors, Supervisors and Senior Management" for the biographical information of Ms. Li Lingmei and Mr. Lee.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Xu Qi (徐琪)	Room 2001, Unit 1, Building 6 East Park, Landsea International Block 27th Street, Qiantang District Hangzhou, Zhejiang PRC	Chinese (Hong Kong)
Dr. Li Xiang (李湘)	Room 2801, Unit 1, Building 1 East Park, Landsea International Block 27th Street, Qiantang District Hangzhou, Zhejiang PRC	American
Ms. Li Xiangli (李湘莉)	Room 604, Block 14, Bihaiyuan Duolanshui'an Community Baiyang Street, Qiantang District Hangzhou, Zhejiang PRC	Chinese
Ms. Cheng Tao	16424 Daysailor Trail, Bradenton FL 34202 United States	American
Ms. Li Lingmei (李玲梅)	Room 702, Building 6 Lvcheng Chunfengjinsha Community Xiasha Street, Qiantang District Hangzhou, Zhejiang PRC	Chinese
Non-executive Director		
Mr. Wu Yihui (吳一暉)	No. 13-3, Binjiang Xixi Pearl Baijiayuan Road, Xihu District Hangzhou, Zhejiang PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Dr. Yu Cheung Hoi (于常海)	Flat B, 18/F, Block 3, Court B Dragons Range, 33 Lai Ping Road Sha Tin, New Territories Hong Kong	Chinese (Hong Kong)
Dr. Zhu Xun (朱迅)	Room 402, Building 33, Yuming Villa Guangsheng Road, Jiangangshan Baoan District, Shenzhen PRC	Chinese
Mr. Xia Xinsheng (夏心晟)	Room 201, No. 9 Fangtadongsan Village Songjiang District, Shanghai PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. Yan Xiya (顏喜亞)	Room 1702, Unit 4, Building 9 East Park, Landsea International Block 27th Street, Qiantang District Hangzhou, Zhejiang PRC	Chinese
Mr. Wu Haigang (吳海剛)	No. 404, Block 27-01 Yefeng Haitian City Qiantang District, Hangzhou Zhejiang PRC	Chinese
Ms. Fu Hongying (傅紅英)	Room 2803, Unit 2, Building 16 Fengya Qiantang No. 1076 Yueming Road Binjiang District, Hangzhou Zhejiang PRC	Chinese

See the section headed "Directors, Supervisors and Senior Management" for further details of our Directors and Supervisors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place, 88 Queensway Hong Kong
Sponsor-Overall Coordinators and Overall Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **CLSA Limited** 18/F, One Pacific Place, 88 Queensway Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **CLSA Limited** 18/F, One Pacific Place, 88 Queensway Hong Kong
Joint Bookrunners and Joint Lead Managers	*(in alphabetical order)* **China Everbright Securities (HK) Limited** 33/F, Everbright Centre 108 Gloucester Road Wan Chai Hong Kong **Prime Securities Limited** Room 1602, 16/F, Kai Tak Commercial Building 317-319 Des Voeux Road Central Hong Kong

	Soochow Securities International Brokerage Limited Level 17, Three Pacific Place 1 Queen's Road East Hong Kong
Joint Lead Manager	**Aristo Securities Limited** Room B, 11/F, Golden Star Building 22 Lockhart Road Wanchai Hong Kong
Legal advisers to our Company	*As to Hong Kong and United States laws:* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC laws:* **Grandall Law Firm (Hangzhou)** Grandall Building No. 2 & No. 15 Block B, Baita Park Old Fuxing Road Hangzhou, Zhejiang PRC *As to PRC law in respect of data compliance:* **Han Kun Law Offices** 9/F, Office Tower C1 Oriental Plaza, 1 East Chang An Avenue, Beijing PRC *As to U.S. laws in respect of certain aspects of legal compliance matters:* **MagStone Law, LLP** 415 S Murphy Ave Sunnyvale CA 94086 U.S.

Legal advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and United States laws:* **Herbert Smith Freehills Kramer** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12-14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing 100004 China
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants and Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 China
Compliance Adviser	**Altus Capital Limited** 21 Wing Wo Street Central Hong Kong
Receiving Banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong **China CITIC Bank International Limited** 61-65 Des Voeux Road Central Hong Kong

Registered Office	Room 501-11, Building 6 Yinhai Kechuang Center Xiasha Street, Qiantang District Hangzhou, Zhejiang the PRC
Headquarters and Principal Place of Business in the PRC	No. 69, 12 Street Qiantang District Hangzhou, Zhejiang the PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company's Website	**medtideinc.com** *(the information contained on this website does not form part of this Prospectus)*
Joint Company Secretaries	**Ms. Li Lingmei (李玲梅)** No. 69, 12 Street Qiantang District Hangzhou, Zhejiang the PRC **Mr. Lee Chung Shing (李忠成)** *(CPA of HKICPA, FCCA of ACCA)* 46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Ms. Li Lingmei (李玲梅)** No. 69, 12 Street Qiantang District Hangzhou, Zhejiang the PRC **Mr. Lee Chung Shing (李忠成)** 46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. Xia Xinsheng (夏心晟) *(Chairperson)* Dr. Yu Cheung Hoi (于常海) Dr. Zhu Xun (朱迅)
Remuneration Committee	Dr. Zhu Xun (朱迅) *(Chairperson)* Dr. Xu Qi (徐琪) Mr. Xia Xinsheng (夏心晟)
Nomination Committee	Dr. Xu Qi (徐琪) *(Chairperson)* Dr. Yu Cheung Hoi (于常海) Mr. Xia Xinsheng (夏心晟)
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** Building 18, 12th Avenue Hangzhou Economic & Technological Development Area Zhejiang, the PRC **Bank of Hangzhou** Innovation Building, 3850 Jiangnan Avenue Binjiang District, Hangzhou Zhejiang, the PRC

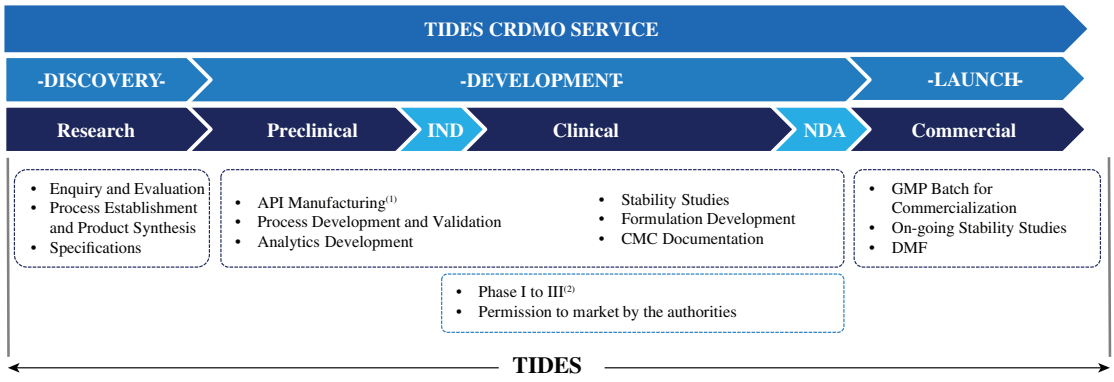
The information and statistics set out in this section and other sections of this Prospectus were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, 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.

OVERVIEW OF TIDES DRUGS AND CRDMO MARKETS

TIDES drugs primarily consist of peptide drugs and oligonucleotide drugs. Peptide drugs are peptides with specific therapeutic effects obtained by biosynthesis or chemical synthesis. Oligonucleotide drugs are a versatile class of sequence-programmable drugs to modulate gene expression or correct genetic defects contributing to disease.

Outsourcing has emerged as an increasingly prominent trend within the pharmaceutical industry. This shift is underscored by the proliferation of pertinent business models, such as CRDMO, and CDMO. CRDMO is an organization that provides pharmaceutical research, development, production and manufacturing services, which is an integrated, end-to-end drug development model. It provides complete coverage of the needs of pharmaceutical research, development and production. Through customized solutions, both preclinical studies and experiments, process scale-up and pilot manufacture required during the clinical phase, and post-market scale-up manufacture can be met individually or in their entirety. The rise of CRDMO companies is propelled by the imperative for pharmaceutical and biotech companies to streamline R&D and production process and reduce costs, enabling them to concentrate on their core activities. Leveraging their R&D and production capabilities, CRDMO assists pharmaceutical and biotech companies in minimizing the effort and costs associated with transitioning products from the experimental phase to commercial production. Furthermore, these services contribute to reducing manufacturing costs and enhancing production efficiency and scale during the commercial-stage production phase following market launch.

Oligonucleotide drug products exhibit numerous parallels with peptide drug products in drug synthesis techniques, pharmacology, and drug development. The following chart sets forth an overview of TIDES CRDMO services.



Notes:

(1) Non-GMP manufacturing batches are used for animal testing and are mainly applied in the preclinical stage, while GMP manufacturing batches are used for human trials and applied in clinical and commercial stages.

(2) A Phase IV trial, also known as a postmarketing surveillance trial or drug monitoring trial, may be required by regulatory authorities or voluntarily undertaken by sponsors.

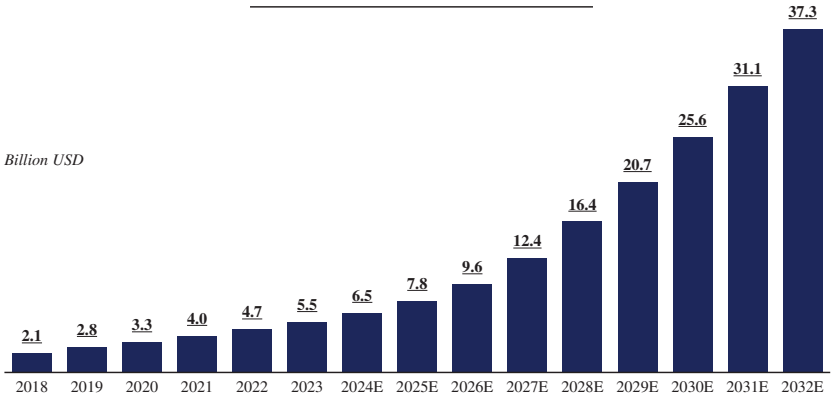
Source: Frost & Sullivan analysis, Literature review

Global, China and the United States TIDES CRDMO Market

The global TIDES CRDMO market by sales revenue grew from US$2.1 billion in 2018 to US$5.5 billion in 2023, representing a CAGR of 20.9%, and is expected to further grow to US$37.3 billion by 2032, representing a CAGR of 23.8%. The TIDES CRDMO market by sales revenue in China grew from US$0.2 billion in 2018 to US$0.8 billion in 2023, representing a CAGR of 37.1%, and is expected to further grow to US$6.2 billion by 2032, representing a CAGR of 25.5%. The TIDES CRDMO market by sales revenue in the United States grew from US$0.5 billion in 2018 to US$1.5 billion in 2023, representing a CAGR of 26.2%, and is expected to further grow to US$12.0 billion by 2032, representing a CAGR of 25.9%. The following charts set forth the global, China and the United States TIDES CRDMO market sizes by sales revenue.

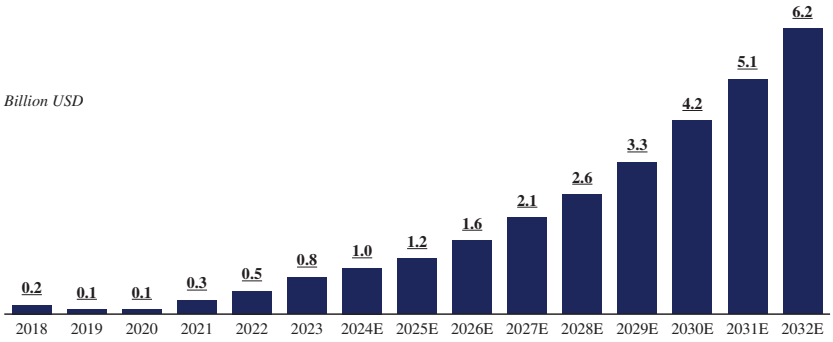
Global TIDES CRDMO Market Size, 2018-2032E

	CAGR
2018-2023	20.9%
2023-2032E	23.8%

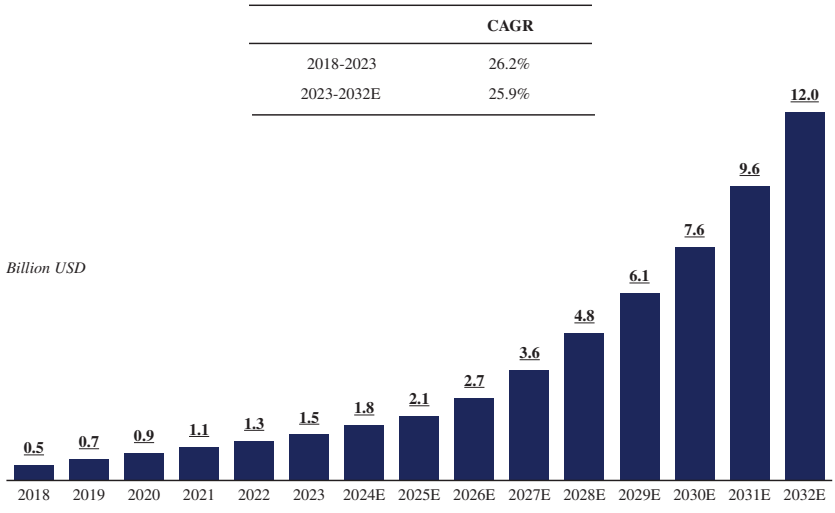


China TIDES CRDMO Market Size, 2018-2032E

	CAGR
2018-2023	37.1%
2023-2032E	25.5%



United States TIDES CRDMO Market Size, 2018-2032E



Source: Annual report, Expert interview, Public information, Frost & Sullivan analysis

Key Barriers in the R&D, Production and Commercialization of TIDES Drugs

TIDES drugs R&D, production and commercialization barriers include:

R&D challenges:

- ***Synthesis and purification difficulty***. The synthesis processes of TIDES drugs are inherently complex, involving multiple intricate steps and delicate reaction conditions. In the realm of peptides, the identification and control of multi-ring peptide impurities resulting from disulfide bonds have long posed significant challenges in the industry. Moreover, synthesizing oligonucleotides demands high-precision automated instrumentation and intricate purification steps. In the case of peptides, limitations often stem from the synthesis process efficiency and the purity of the final products. The structural complexity and sensitivity of the molecules further exacerbate purification difficulties. Consequently, effectively monitoring impurities and efficiently purifying TIDE APIs emerge as critical hurdles in TIDE drug development.

- ***Delivery System***. TIDES drugs face challenges in effectively crossing cell membranes and entering the cell interior. As such, the development of safe, effective and stable delivery systems has emerged as a significant technical hurdle. This requires consideration of several aspects such as drug stability, biocompatibility, and targeting.

Production challenges:

- ***Scale-up and efficiency***. Scaling up the production process of TIDES APIs from laboratory scale to commercial production scale presents significant challenges. It involves optimization of reaction conditions, equipment, and adjustment of production processes. Simultaneously, maintaining product quality while enhancing production efficiency is a critical problem to address. In addition, for peptide compounds, the complexity of side chain modifications (use of unusual amino acids and cyclic structures) adds further hurdles to efficient production. Another challenge lies in the inherent complexity of peptide structures, often characterized by intricate sequences and specific folding patterns critical to their biological activity. Striking a balance between optimal synthesis efficiency and high purity levels remains an ongoing challenge, particularly with longer or modified peptide sequences. Accordingly, the production cost of TIDES APIs is also usually high.

Commercialization challenges:

- ***Regulations and policies***. In various countries and regions, drug regulatory policies exhibit variations, and these policies are in a constant state of flux. For example, The CDE on February 17, 2023 issued and implemented the "Chemical Synthesis Peptide Drug Pharmacy Research Technical Guidelines (for Trial Implementation)" (《化學合成多肽藥物藥學研究技術指導原則(試行)》), for the guidance of chemical synthesis peptide drug pharmacy, to provide reference to the technical standards. The FDA published two new general chapters: USP1503 addressing specific quality considerations for synthetic peptide drug substances and USP1504 (Official date: December 1, 2023) providing recommendations on the minimum quality attributes for starting materials used in the manufacture of synthetic peptides. On May 19, 2021, FDA published ANDAs for Certain Highly Purified Synthetic Peptide Drug Products That Refer to Listed Drugs of rDNA Origin Guidance for Industry Guidance. This guidance is intended to assist potential applicants in determining when an application for a synthetic peptide drug product (synthetic peptide) that refers to a previously approved peptide drug product of recombinant DNA origin (peptide of recombinant DNA origin) should be submitted as an ANDA under section 505(j) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) rather than as an NDA under section 505(b) of the FD&C Act. On October 18, 2023, EMA published a guidance on the Development and Manufacture of Synthetic Peptides for public consultation to cover synthetic peptides with more than 4 amino acids. In addition, oligonucleotides, as an emerging therapeutic class, require robust regulation through a well-established system. The U.S. FDA has highlighted several challenges in regulating oligonucleotide drugs, including the absence of clear guidelines for quality studies and standard-setting. To address these challenges, regulatory agencies worldwide are taking proactive steps. For instance, Japan's Pharmaceuticals and Medical Devices Agency (PMDA) issued the "Guideline for Preclinical Safety Assessment of Oligonucleotide Therapeutics" in 2020. Similarly, the U.S. FDA released guidance on IND submissions for ASO drug products in 2021.

In the future, regulatory policies will likely continue to evolve and become more stringent as the field of oligonucleotide drugs advances. Consequently, pharmaceutical and biotech companies must thoroughly understand and adhere to these evolving regulatory frameworks.

- ***Patient acceptance***. As a cutting-edge therapeutic class, TIDES drugs require recognition by both patients and physicians. Currently, injection remains the predominant delivery method for approved peptide drugs. However, injections pose challenges due to the suboptimal patient experience and associated risks. In the future, advancements in peptide drug technology, particularly the development of GLP-1 agonist oral delivery systems, will enhance the drug delivery cycle and enable long-lasting effects. These innovations are poised to significantly improve patient willingness to adhere to long-term medication regimens, enhance overall medication experiences, and promote better medication adherence.

Value Proposition of TIDES CRDMO

TIDES CRDMO has the following value propositions:

- ***Accelerating R&D Process.*** TIDES CRDMOs are typically equipped with cutting-edge R&D and production facilities. These include automated synthesis systems, high-performance liquid chromatographs, ensuring efficient, high-quality and high-purity production of peptide and oligonucleotides. CRDMOs have established streamlined processes for TIDES development, saving time and resources. Additionally, CRDMOs can handle multiple stages of development simultaneously, further expediting the R&D timeline.

- ***Risk Mitigation.*** CRDMOs typically maintain teams with extensive experience and expertise in peptide and oligonucleotide R&D, production and quality control. In addition, CRDMOs adhere to stringent regulatory standards and quality control measures to ensure the safety, efficacy, and consistency of the products they manufacture. These CRDMOs provide expertise, resources, and support to navigate complex development processes, ensuring project success. By partnering with CRDMOs, pharmaceutical and biotech companies can mitigate risks associated with technical challenges, resource constraints, and regulatory compliance.

- ***Scalability and Flexibility.*** TIDES CRDMOs have the ability to seamlessly scale up production as needed, from small-scale research to large-scale commercial batch production. This scalability ensures continuity in the drug development process and facilitates a smooth transition from early development to commercial production.

- ***Cost Control.*** The specificity of TIDES drug production process leads to high cost associated with establishing a complete set of hardware facilities solely for TIDES drug R&D and production. CRDMOs offer more flexible capacity and reduce fixed costs for service companies. Compared with self-development and production, TIDES CRDMOs efficiently complete projects through their professional technology and experience, which can help customers save on labor, material and time costs. TIDES CRDMOs provide scale-up production services, leading to lower per-unit production costs.

Growth Drivers of the TIDES CRDMO Market

The following drivers mainly contribute to the growth of the TIDES CRDMO market:

- ***Unmet Needs in GLP-1 Drug Markets.*** GLP-1 is a pleiotropic hormone with multifaceted metabolic functions. GLP-1 holds great promise as a candidate for developing pharmacotherapies to address conditions such as obesity, diabetes, and other chronic ailments. The increasing prevalence of such diseases among the aging population, coupled with the rising demand for personalized medicines and precision therapies, underscores the necessity for GLP-1 drugs. In this landscape, TIDES CRDMOs play a pivotal role in manufacturing expertise, scale-up capabilities, and regulatory compliance to meet the growing demand for GLP-1 drug markets.

- ***More TIDES Approvals.*** TIDES have indeed established a distinctive therapeutic niche, demonstrating robust momentum because they explore new indications and advance through various stages of research. Notably, an increasing number of peptides are now synthesized chemically rather than relying solely on recombinant methods. For instance, tirzepatide, an exciting GLP-1 analogue, has been developed by Eli Lilly using chemical synthesis.

- ***New Formulations Require Higher Drug Substance Amount and Production Capacity.*** Currently, injectables serve as the primary method for administering peptide drugs. However, alternative administration routes, such as oral delivery, are gaining significant attention. The adoption of these alternative forms has the potential to expand the use of peptide drugs into additional disease areas, including inflammation. Oral delivery necessitates larger drug substance amount for patients compared to injectables. This shift in administration methods requires increased production of drug substances with enhanced capabilities and capacities. CRDMOs play a pivotal role in meeting this demand by offering consistent and reliable supply across the spectrum of low- to high-volume peptide production. Moreover, CRDMOs provide flexibility and tailor development processes to meet the specific requirements of their clients.

- ***Manufacturing Complexity and Technological Advancement.*** Given the intricate nature of TIDES APIs synthesis and the stringent quality standards in the pharmaceutical industry, many pharmaceutical and biotech companies opt to outsource the production of TIDES drugs to CRDMOs. These CRDMOs possess the necessary technological capabilities and regulatory expertise, driving market growth. Continuous advancements in TIDES synthesis technologies are revolutionizing the efficiency and cost-effectiveness of the manufacturing process. Innovative enzymatic and solid-phase synthesis methods are emerging, making peptide manufacturing increasingly scalable and economical. Notably, some long peptides, such as insulin and GLP-1, that were previously manufactured solely through complex recombinant rDNA processes can now be synthesized using chemical methods. These technological breakthroughs empower peptide CRDMOs to offer pharmaceutical and biotech companies a more cost-effective alternative to in-house production.

- ***Outsourcing Strategies of TIDES Pharmaceutical and biotech Companies.*** The global TIDES CRDMO services market has experienced consistent growth over the past few years, driven by the expanding global TIDES drug market. Pharmaceutical and biotech companies are increasingly turning to CRDMOs to outsource process development and manufacturing. By doing so, these companies can focus on their core competencies, including drug discovery, clinical development, and commercialization. Large pharmaceutical companies, such as Eli Lilly and others, prefer to collaborate with CRDMOs for manufacturing. CRDMOs offer manufacturing capabilities and technologies that may not be available in-house, enabling pharmaceutical companies to produce TIDES drug substances more cost-effectively. Additionally, TIDES drugs represent an emerging therapy, and the leading players in this field are primarily biotech companies. Given their strong propensity for outsourcing, this trend creates significant opportunities for CRDMOs specializing in TIDES drug development and manufacturing.

Future Trends of the TIDES CRDMO Market

The following is a summary of future trends of the TIDES CRDMO market:

- ***Advancement in Complex and Large-Scale Manufacturing.*** TIDES drug manufacturing involves various techniques, each customized to the specific characteristics of the TIDES being produced. Due to the diverse nature of TIDES, synthesis methods can vary significantly, resulting in a more complex manufacturing process. Furthermore, the increasing demand for TIDES manufacturing highlights the need for expertise in process scale-up and large-scale production from CRDMOs. These organizations should have the capability to produce TIDES at a large scale, typically achieving GMP batch sizes ranging from hundreds of kilograms to several tons.

- ***Market Scale Expansion.*** As the biopharmaceutical sector continues to flourish, the demand for TIDES drugs, as a promising therapeutic modality, is expected to soar. This trend will fuel the expansion of the CRDMO market size globally, driven by the increasing need for outsourcing R&D and manufacturing services for TIDES drugs. Furthermore, the growing demand for personalized medicine and precision therapies, along with the progressive development of therapeutic areas from rare diseases to common chronic diseases, will create more opportunities for the TIDES drug CRDMO market. This evolving landscape underscores the pivotal role that CRDMOs will play in meeting the growing demands of the TIDES drug development and production ecosystem.

- ***Integrated Service.*** CRDMOs strategically focus on acquiring differentiated capabilities to enhance their value proposition. One such approach involves adopting the one-stop-shop model, aligning with the trend among major pharmaceutical and biotech companies. These companies are consolidating their supplier base and transitioning from outsourcing providers to strategic partners. Leading CRDMOs actively pursue the goal of becoming fully integrated players capable of offering comprehensive services across the entire drug life cycle and supply chain. Their services span from drug substance development to packaging and distribution, covering all key geographical regions. This strategic direction enables CRDMOs to provide enhanced support to their clients and establish long-term, collaborative partnerships that drive mutual success in the dynamic pharmaceutical landscape.

- ***Increasing Specialization of CRDMO Providers.*** The peptide CRDMO market has witnessed a trend towards consolidation, resulting in a decrease in the number of players over the past one or two decades. This consolidation enables companies to specialize in the peptide CRDMO field, allowing them to capture a larger portion of the overall market share and capitalize on synergies within their operations. By concentrating their efforts and resources in this specialized area, these major players can enhance their competitiveness and better meet the evolving needs of their clients in the peptide drugs industry.

Entry Barriers of the TIDES CRDMO Market

Despite the value propositions discussed above, significant entry barriers remain in the TIDES CRDMO market:

- ***Advanced Technologies and Cost for Plant Set-Up.*** The development and production of TIDES drugs is highly demanding in terms of technology, equipment and environment, requiring a high degree of technical expertise and sophisticated equipment. In addition, manufacturing complexity of peptides increases exponentially with each added amino acid, requiring the establishment of large GMP compliant manufacturing facilities. These entail significant costs, which escalate

further when setting up global sites. TIDES drugs have lengthy R&D cycles, substantial, high investment and high risks. CRDMO companies must allocate substantial capital for equipment acquisition, R&D expenditures, clinical trials, and market expansion.

- ***Stringent Regulations.*** The TIDES drug market is subject to stringent regulatory standards, requiring companies to undergo rigorous certification processes and scrutiny before market entry. For instance, manufacturing facilities producing TIDES drugs must adhere to stringent GMP requirements to ensure a clean environment. Also, the increasing stringency of regulations related to commercial manufacturing, poses a key challenge for contract manufacturers. Obtaining GMP certification and building factories is a multi-year process that hinders new entrants from accessing the market.

- ***Experience Accumulation and Capturing Clients.*** The synthesis of TIDES drugs generates by-products and impurities, making quality control and purification challenging. This requires extensive experience and knowledge. In addition, TIDES CRDMOs need to build trust with clients. Due to the specificity of TIDES molecules, customers tend to prefer working with experienced and reputable CRDMOs. To compete and attract clients, new TIDES CRDMO players need to build and maintain a large pool of highly qualified talent and acquire expensive and complex technology. Despite differences in molecular structure, peptide and oligonucleotide drugs share many similarities in synthesis, pharmacology, and drug development. Enterprises with peptide related research and production experience have more advantages than new entrants when expanding into the oligonucleotides.

- ***Supply Chain.*** The R&D and production of TIDES APIs involves a number of processes, including raw material procurement, manufacturing. Establishing a stable and reliable supply chain is crucial to ensure timely access to key raw materials, such as protected amino acids and nucleoside monomers, that meet quality standards.

OVERVIEW OF PEPTIDE DRUGS

Introduction of Peptides

Peptides, comprising 2-99 natural amino acids in living organisms, are organic compounds with a molecular weight of less than 10,000 Da. Peptides represent a distinct class of pharmaceutical compounds, molecularly positioned between small molecules and proteins, yet biochemically and therapeutically distinct from both. Since the approval of insulin as the first peptide drug, peptides have gained prominence in the treatment of diabetes. Peptides can be broadly categorized into insulin peptides and non-insulin peptides, each offering unique therapeutic applications.

Functioning as intrinsic signaling molecules for a variety of physiological processes, peptides offer a therapeutic avenue closely aligned with natural pathways in human beings. The utilization of peptides in therapeutics has undergone significant evolution alongside changes in drug development and treatment approaches in recent years. Peptides have been investigated across the therapeutic spectrum, reflecting the potential utility across a wide range of indications, particularly for chronic disorders such as metabolic, oncology and inflammatory musculoskeletal diseases.

Peptide drugs have some advantages compared with small molecular drugs or antibodies, such as heightened target specificity and potency, fewer side effects, and easier delivery. The history of peptide drug development dates back to the early 20th century. In recent years the field has experienced significant growth and diversification. Researchers are now exploring peptide drugs for a wide array of medical conditions, including urinary system, respiratory system, digestive system, endocrine system, central nervous system, cardiovascular diseases, musculoskeletal system diseases, and viral and bacterial infections. Notable peptide drugs such as Leuprorelin, Goserelin, Cetrorelix, Degarelix, and Octreotide have shown efficacy in treating different cancers, underlining their potential in targeted therapy.

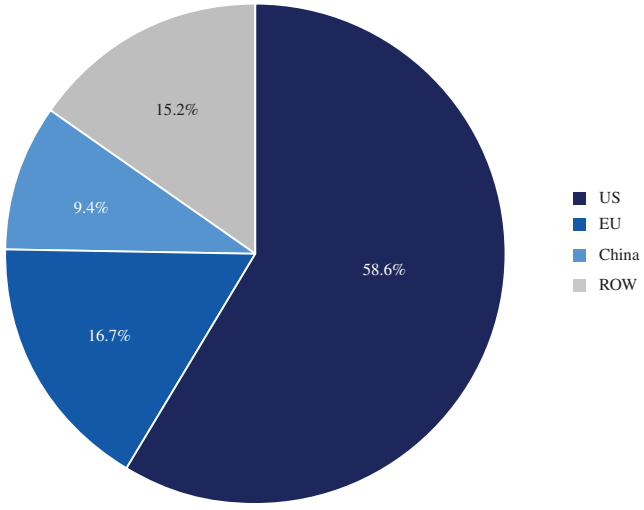
One of the most transformative developments has been the emergence of GLP-1 drugs, which have significantly impacted the landscape of metabolic disease treatment. GLP-1 is a hormone produced in the intestines in response to food intake. It plays a crucial role in regulating blood sugar levels by stimulating insulin release from pancreatic beta cells and inhibiting glucagon secretion from pancreatic alpha cells. Additionally, GLP-1 slows down gastric emptying, which helps control appetite and promote satiety. In recent years, pharmaceutical companies have developed GLP-1 drugs, which mimic the effects of GLP-1, as therapeutic agents for type 2 diabetes and obesity. These GLP-1 drugs have demonstrated efficacy in lowering blood sugar levels, reducing body weight, and improving cardiovascular outcomes, making them valuable therapeutics in the treatment of metabolic disorders.

Notably, RDC, or radioligand therapy, which consists of a peptide linked to a radioactive isotope, utilize radioisotopes to emit therapeutic radiation, causing damage to cells, while the target ligand selectively binds to specific markers on target cells. RDCs have demonstrated notable advantages in targeting specificity across various indications and a number of RDCs have achieved strong commercial performance. Novartis has made significant investments in RDC space, with two approved therapeutic RDCs. Pluvicto was approved in 2022 and achieved sales of US$271 million in its first year of launch. Novartis has invested over US$7 billion in RDCs since 2017, including the acquisition of Advanced Accelerator Applications ("**AAA**") for Lutathera and NetSpot of US$3.9 billion and Endocyte for Pluvicto of US$2.1 billion. In March 2023, Novartis further invested US$1.7 billion in Bicycle for collaboration in novel RDC candidates, further emphasizing the significance of RDCs in the pharmaceutical industry.

Global, China and the United States Peptide Drug Market

Peptide drug market size measures the domestic market by the value of drugs approved by local authority and sold within a country or region. The global peptide drug market by sales revenue grew from US$60.7 billion in 2018 to US$89.5 billion in 2023, representing a CAGR of 8.1%, and is expected to further grow to US$261.2 billion in 2032, representing a CAGR of 12.6%. The peptide drug market by sales revenue in China grew from US$7.3 billion in 2018 to US$8.4 billion in 2023, representing a CAGR of 3.0%, and is expected to further grow to US$35.5 billion in 2032, representing a CAGR of 17.3%. The peptide drug market by sales revenue in the United States grew from US$30.9 billion in 2018 to US$52.5 billion in 2023, representing a CAGR of 11.2%, and is expected to further grow to US$141.1 billion in 2032, representing a CAGR of 11.6%. The following chart sets forth the global market by sales revenue of peptide drugs by regions:

Breakdown of Global Peptide Drug Market, 2023



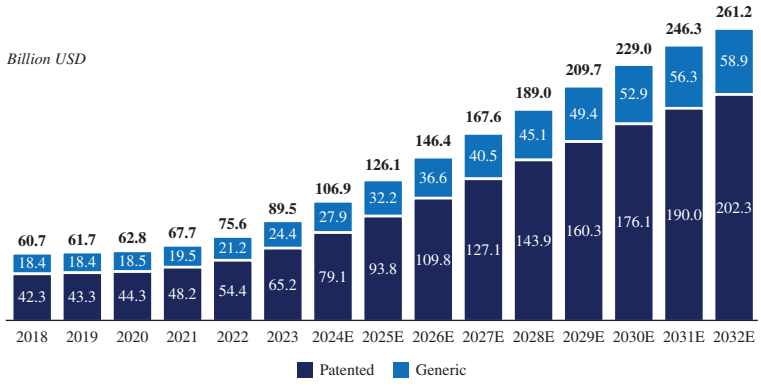
Note: ROW means "rest of the world"

Source: NMPA, FDA, EMA, Annual Report, Frost & Sullivan analysis

The following chart sets forth the global, China and the United States peptide drug market by sales revenue by patented and generic drugs:

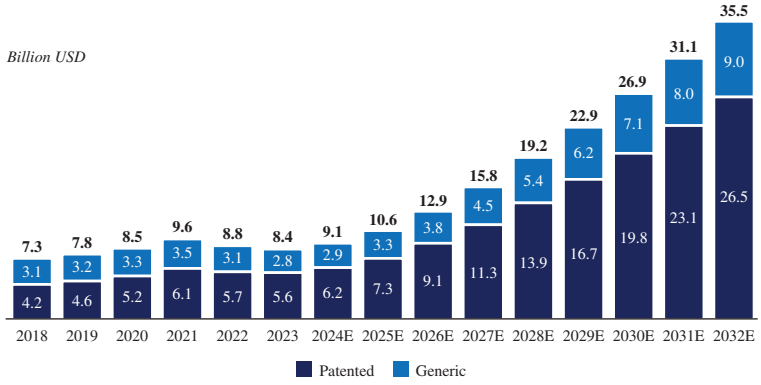
Breakdown of Global Peptide Drug Market by Patented Drugs and Generic Drugs, 2018-2032E

CAGR	Patented Drug	Generic Drug	Total
2018-2023	9.0%	5.8%	8.1%
2023-2032E	13.4%	10.3%	12.6%



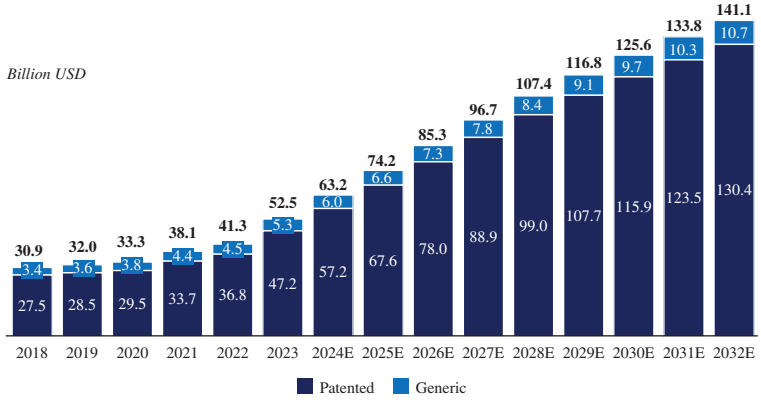
Breakdown of China Peptide Drug Market by Patented Drugs and Generic Drugs, 2018-2032E

CAGR	Patented Drug	Generic Drug	Total
2018-2023	6.1%	-1.9%	3.0%
2023-2032E	18.8%	13.9%	17.3%



Breakdown of United States Peptide Drug Market by Patented Drugs and Generic Drugs, 2018-2032E

CAGR	Patented Drug	Generic Drug	Total
2018-2023	11.4%	9.5%	11.2%
2023-2032E	12.0%	8.1%	11.6%

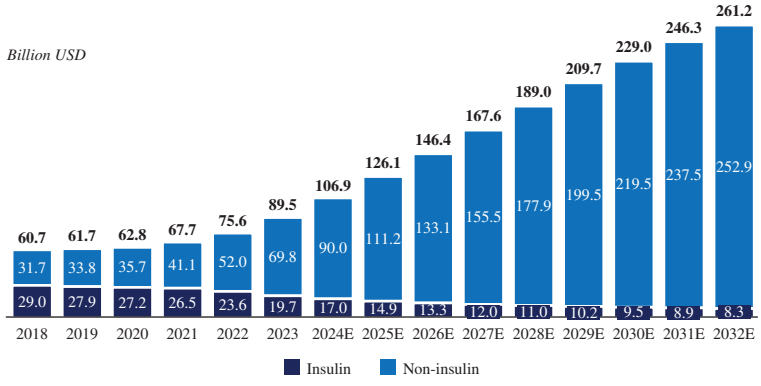


Source: NMPA, FDA, Annual report, Frost & Sullivan analysis

Peptides can be divided into two categories, namely, insulin peptides and non-insulin peptides. The following charts set forth the global, China and the United States market by sales revenue of peptide drug by insulin and non-insulin:

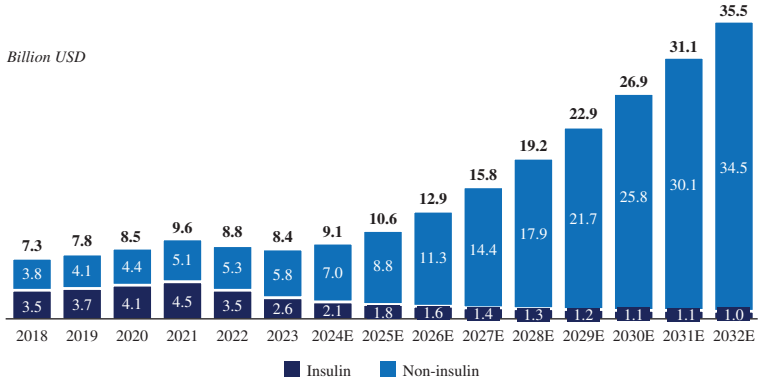
Breakdown of Global Peptide Drug Market by Insulin and Non-insulin, 2018-2032E

CAGR	Insulin Drug	Non-insulin Drug	Total
2018-2023	-7.4%	17.1%	8.1%
2023-2032E	-9.2%	15.4%	12.6%



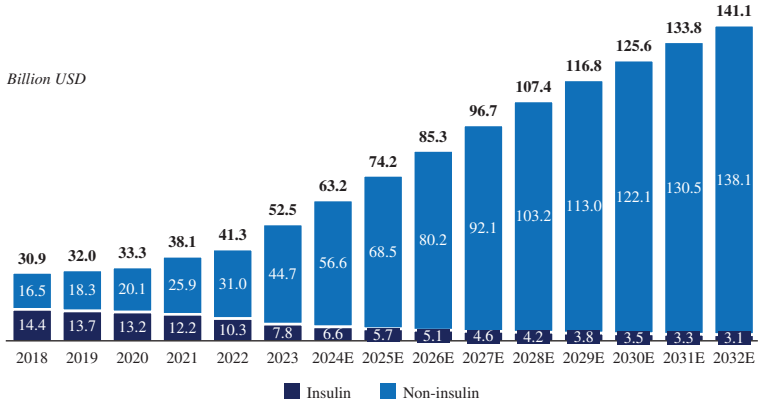
Breakdown of China Peptide Drug Market by Insulin Drugs and Non-insulin Drugs, 2018-2032E

CAGR	Insulin Drug	Non-insulin Drug	Total
2018-2023	-5.7%	8.9%	3.0%
2023-2032E	-9.9%	21.8%	17.3%



Breakdown of United States Peptide Drug Market by Insulin and Non-insulin, 2018-2032E

CAGR	Insulin Drug	Non-insulin Drug	Total
2018-2023	-11.7%	22.1%	11.2%
2023-2032E	-9.8%	13.3%	11.6%

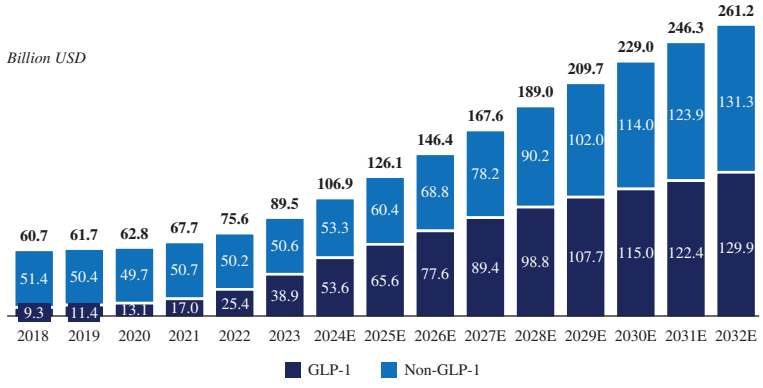


Source: NMPA, FDA, Annual report, Frost & Sullivan analysis

GLP-1 drugs has changed the drug landscape for the treatment of metabolic diseases. The global GLP-1 drug market by sales revenue grew from US$9.3 billion in 2018 to US$38.9 billion in 2023, representing a CAGR of 33.2%, and is expected to further grow to US$129.9 billion in 2032, representing a CAGR of 14.3%. The global non-GLP-1 drug market by sales revenue slightly decreased from US$51.4 billion in 2018 to US$50.6 billion in 2023, representing a CAGR of -0.3%, and is expected to further grow to US$131.3 billion in 2032, representing a CAGR of 11.2%. The following chart sets forth the global market size by sales revenue of peptide drugs by GLP-1 and non-GLP-1:

Breakdown of Global Peptide Drug Market by GLP-1 and Non-GLP-1, 2018-2032E

CAGR	GLP-1 Drug	Non-GLP-1 Drug	Total
2018-2023	33.2%	-0.3%	8.1%
2023-2032E	14.3%	11.2%	12.6%



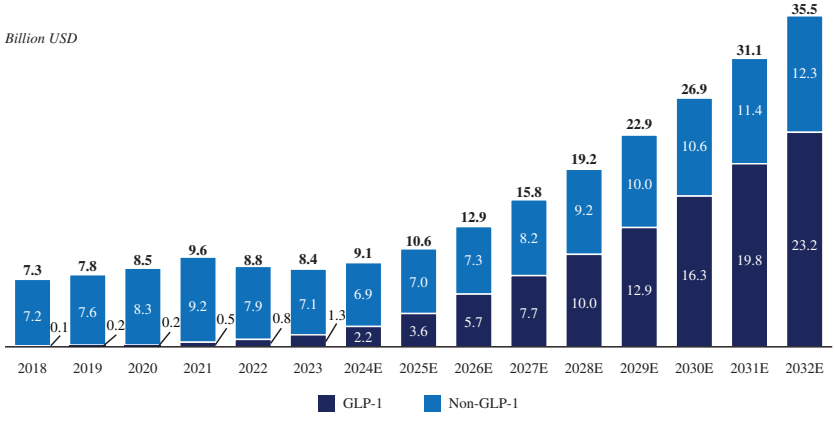
Source: NMPA, FDA, Annual report, Frost & Sullivan analysis

The GLP-1 drug market by sales revenue in China grew from US$0.1 billion in 2018 to US$1.3 billion in 2023, representing a CAGR of 65.3%, and is expected to further grow to US$23.2 billion by 2032, representing a CAGR of 37.3%. The non-GLP-1 drug market by sales revenue in China slightly decreased from US$7.2 billion in 2018 to US$7.1 billion in 2023, representing a CAGR of -0.2%, and is expected to grow to US$12.3 billion by 2032, representing a CAGR of 6.3%. Significant growth potential is anticipated in the China GLP-1 market moving forward, because (i) the GLP-1 market in China is in a relatively nascent and fast-growing stage, compared to those in other developed countries, such as the United States; (ii) the approval process for obesity treatments using GLP-1 drugs, such as semaglutide and tirzepatide, in China is notably expedited; (iii) there is a time lag in China when it comes to the use and marketing of innovative GLP-1 peptide drugs, as compared to global markets (e.g. tirzepatide was approved for marketing in the U.S. in 2022, and approved for marketing in China in 2024); (iv) numerous clinical pipelines targeting the GLP-1 receptor are currently in development in China.

The following chart sets forth the China market size by sales revenue of peptide drugs by GLP-1 and non-GLP-1:

Breakdown of China Peptide Drug Market by GLP-1 and Non-GLP-1, 2018-2032E

CAGR	GLP-1 Drug	Non-GLP-1 Drug	Total
2018-2023	65.3%	-0.2%	3.0%
2023-2032E	37.3%	6.3%	17.3%



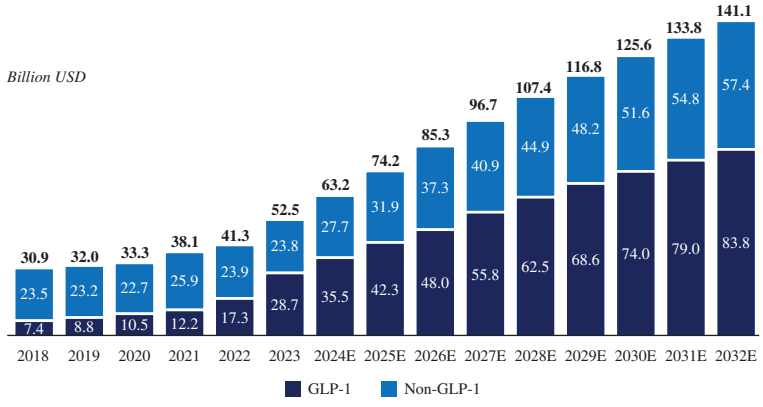
Source: NMPA, Annual report, Frost & Sullivan analysis

The GLP-1 drug market by sales revenue in the United States grew from US$7.4 billion in 2018 to US$28.7 billion in 2023, representing a CAGR of 31.2%, and is expected to further grow to US$83.8 billion by 2032, representing a CAGR of 12.7%. The non-GLP-1 drug market by sales revenue in the United States slightly grew from US$23.5 billion in 2018 to US$23.8 billion in 2023, representing a CAGR of 0.3%, and is expected to grow to US$57.4 billion by 2032, representing a CAGR of 10.3%. The CAGR in the United States reflects the extensive development history and mature usage of GLP-1 drugs in the country. On one hand, the demand for GLP-1 drugs is expected to continue rising. On the other hand, the Inflation Reduction Act, passed in August 2022, may impose a cap on cost-sharing of insulin, which is the primary type of peptide drug. The price of insulin in the United States has decreased accordingly. As a result, the United States market for GLP-1 drugs is likely to maintain a stable market share within the overall peptide drug market.

The following chart sets forth the United States market size by sales revenue of peptide drugs by GLP-1 and non-GLP-1:

Breakdown of United States Peptide Drug Market by GLP-1 and Non-GLP-1, 2018-2032E

CAGR	GLP-1 Drug	Non-GLP-1 Drug	Total
2018-2023	31.2%	0.3%	11.2%
2023-2032E	12.7%	10.3%	11.6%

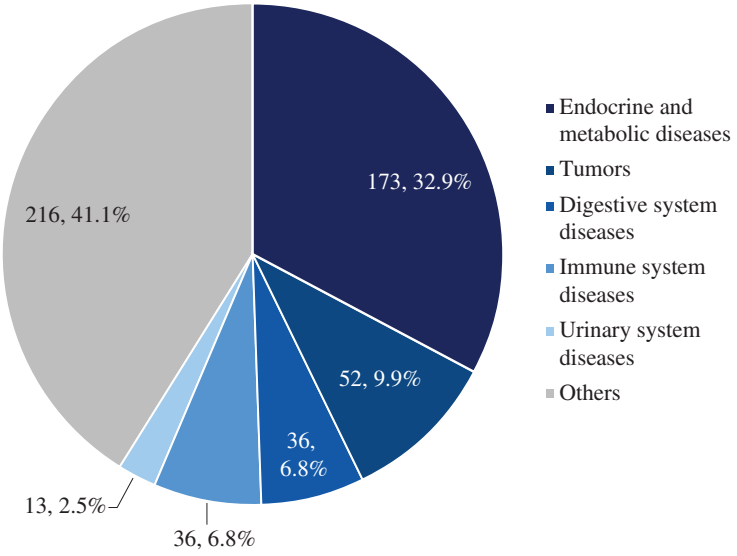


Source: FDA, Annual report, Frost & Sullivan analysis

Competitive Landscape of Peptide Drugs

Between January 1, 2015 and the Latest Practicable Date, a total of 76 non-insulin peptide drugs received regulatory approval globally. Specifically, during this period, 56 non-insulin peptide drugs were approved in countries or regions outside of China, which included 11 GLP-1 peptide drugs and 45 non-GLP-1 peptide drugs. In China, 36 non-insulin peptide drugs were approved, comprising 11 GLP-1 peptide drugs and 25 non-GLP-1 peptide drugs. Among the 36 non-insulin peptide drugs approved in China and 56 approved outside China, 16 drugs were approved in both China and other countries or regions between January 1, 2015 and the Latest Practicable Date. Between January 1, 2015 and the Latest Practicable Date, the total number of company-initiated Phase II or Phase III clinical trials for peptide drug pipelines reached 360. The following chart sets forth the distribution by disease area of all company-initiated Phase II or Phase III clinical trials for peptide drugs between January 1, 2015 and the Latest Practicable Date. The indications targeted by a trial in the following chart may involve multiple therapeutic areas and therefore the total number of clinical trials exceeds 340.

Distribution of Phase II and beyond Clinical Trials by Disease Area



Notes:

1. Numbers of clinical trials each year are calculated according to the first posted date.
2. Trials include ongoing clinical trials initiated by the corporate side.
3. The number of clinical trials in 2025 is counted up to the Latest Practicable Date.

Source: Frost & Sullivan analysis, Clinical trials

The following table illustrates global top 10 non-insulin peptide drugs in terms of sales revenue in 2023:

Global Top 10 Non-insulin Peptide Drugs in Terms of Sales Revenue in 2023

INN Name	Total Sales Revenue (Million USD)	Brand Name (FDA Approval)	Company	Sales Revenue (Million USD)	Major Indication	Therapeutic Area
Semaglutide	21,162.1	Ozempic (2017)	Novo Nordisk	13,891.9	Type 2 Diabetes Mellitus	Metabolism
		Wegovy (2021)	Novo Nordisk	4,548.9	Obesity/Overweight	Metabolism
		Rybelsus (2019)	Novo Nordisk	2,721.3	Type 2 Diabetes Mellitus	Metabolism
Dulaglutide	7,132.6	Trulicity (2014)	Eli Lilly	7,132.6	Type 2 Diabetes Mellitus	Metabolism
Tirzepatide	5,338.9	Mounjaro (2022)	Eli Lilly	5,163.1	Type 2 Diabetes Mellitus	Metabolism
		Zepbound (2023)	Eli Lilly	175.8	Obesity/Overweight	Metabolism
Liraglutide	2,750.7	Saxenda (2014)	Novo Nordisk	1,493.3	Obesity/Overweight	Metabolism
		Victoza (2010)	Novo Nordisk	1,257.4	Type 2 Diabetes Mellitus	Metabolism
Carfilzomib	1,403.0	Kyprolis (2012)	Amgen	1,403.0	Multiple Myeloma	Oncology
Octreotide	1,314.0	Sandostatin (1988)	Novartis	1,314.0	Carcinoid Tumors and Acromegaly	Oncology
Linaclotide	1,154.3	Linzess/Constella (2012)	Abbvie	1,108.0	Constipation	Digestive system
		Linzess (2012)	Astellas	46.3	Constipation	Digestive system
Lanreotide	1,153.0	Somatuline (2007)	Ipsen	1,153.0	GEP-NETs; Carcinoid Syndrome	Oncology
Goserelin	952.0	Zoladex (1989)	AstraZeneca	952.0	Prostate Cancer; Breast Cancer; Endometriosis	Oncology; Reproductive System
Leuprorelin	753.0	Leuplin/Enantone (1989)	Takeda	753.0	Prostate Cancer, Breast Cancer, Central Precocious Puberty	Oncology; Endocrine

Note: Calculate at the exchange rate of 1 USD=6.8902 DKK, 1 USD=0.9242 EURO, and 1 USD=140.5107 JPY.

Source: Frost & Sullivan analysis, Annual reports

OVERVIEW OF PEPTIDE CRDMO MARKET

Global, China and the United States Peptide CRDMO Market

Peptide CRDMO market size measures the value of services produced by companies headquartered in a given country or region, including their services provided to customers in the same country or region, as well as those provided to customers in other countries or regions. For instance, the value of services provided by CRDMOs headquartered in China to customers in the United States is measured as within the China CRDMO market. The global peptide CRDMO market by sales revenue grew from US$1.6 billion in 2018 to US$3.1 billion in 2023, representing a CAGR of 14.8%, and is expected to further grow to US$18.8 billion by 2032, representing a CAGR of 22.0%. The peptide CRDMO market by sales revenue in China grew from US$0.2 billion in 2018 to US$0.5 billion in 2023, representing a CAGR of 26.8%, and is expected to further grow to US$4.3 billion by 2032, representing a CAGR of

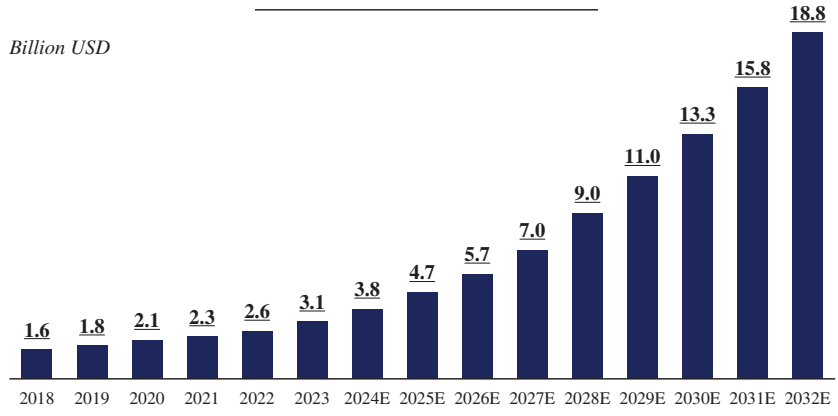
25.9%. The peptide CRDMO market by sales revenue in the United States grew from US$0.2 billion in 2018 to US$0.4 billion in 2023, representing a CAGR of 16.0%, and is expected to further grow to US$4.9 billion by 2032, representing a CAGR of 30.9%.

The higher CAGR for the global peptide CRDMO market from 2023 to 2032, compared with that from 2018 to 2023, is primarily driven by the rapid development of the downstream peptide drug market and the anticipated increase in demand for APIs resulting from the expiration of patents on some popular products, such as dulaglutide, carfilzomib and semaglutide. This trend is expected to lead to greater outsourcing demand by potential customers in the future. Additionally, peptide CRDMOs offer significant advantages, and pharmaceutical companies demonstrate a strong willingness to collaborate with CRDMOs, further driving the CRDMO markets. The U.S. and China peptide CRDMO markets are primarily driven by peptide drug markets. The U.S. peptide CRDMO markets have high expected growth potential. U.S. peptide pharmaceutical companies commonly collaborate with CRDMOs to outsource R&D and manufacturing. Driven by the booming peptide drug market in the U.S. and influenced by the geopolitical fluctuations, such as potential increase of tariffs and impact of the proposed BIOSECURE Act (see "Regulatory Overview—Other Foreign Regulations—Laws and Regulations concerning International Trade-Proposed BIOSECURE Act"), the demand for CRDMOs in the U.S. is expected to grow. It is further expected that part of the production capacity for CRDMOs will be shifted back to the U.S. going forward, accommodating such increasing customer demand. Many U.S. CRDMO companies have actively built factories in the U.S. to expand their production capacity in recent years, and many plan to. For instance, some CRDMO companies, including Almac Group, Corden Pharma and Thermo Fisher Scientific, plan to expand their manufacturing, packaging and/or production capacity in the U.S.

The following tables set forth the global peptide CRDMO market size during the years indicated.

Global Peptide CRDMO Market Size, 2018-2032E

	CAGR
2018-2023	14.8%
2023-2032E	22.0%



GLP-1 in Focus: the Impact of Patent Expiration

In case semaglutide related patents expire in 2026 in China and 2032 in the United States, such expiration is expected to lead to an increase in generic drugs, which would lead to an increase in demand for APIs which we sell. In addition, the impending expiration of semaglutide patents also encourages the development and innovation of next-generation of drug products to compete with semaglutide-related generic drugs, which may lead to an increase in demand for CRO services for NCE discovery and CDMO services during CMC development (i.e. demand for APIs).

Further, the expiration of semaglutide patents will lower barriers for entry in the field of GLP-1, which is expected to increase competition among generic drug manufacturers. However, as a CRDMO service provider who focuses on sales of APIs, we do not directly compete with generic drug manufacturers. While it is also possible that the expiration of semaglutide patents may also lead to an increase in competition in the CDMO industry, we believe our established technical and operational expertise in peptide synthesis and the high technical barriers in manufacturing complex peptides put us in a favorable position to compete against potential competitors.

The expiration of semaglutide's patent is expected to reshape the peptide drug market. We consider this as an opportunity to strengthen our position and drive growth through by implementing the following strategies:

- *Expand production capacity*: in anticipation of the increased demand for semaglutide APIs after patent expiration, we plan to scale our manufacturing capabilities to capture such increase, leveraging our established capabilities in the synthesis and purification of complex peptides to provide sufficient, high-quality and reliable supply of such APIs.

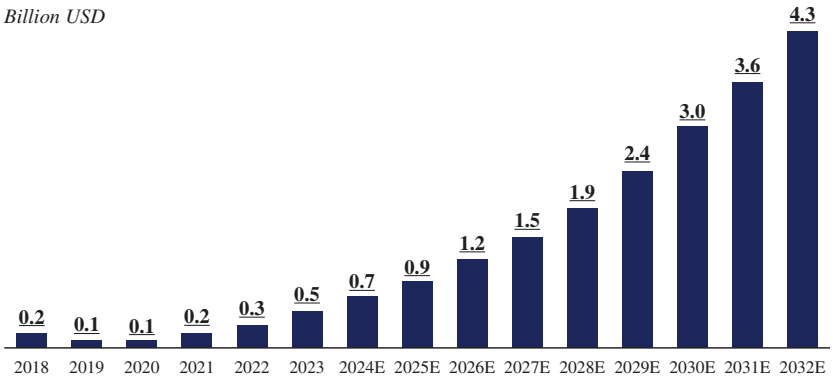
- *Enhance differentiated capabilities*: we plan to leverage our rich experience in DMF submissions and relevant regulatory compliance under multiple jurisdictions and under different international standards to support our customers in entering more markets worldwide.

- *Strengthen business development capabilities*. we plan to expand our business development efforts to target new NCE projects. We intend to proactively engage with leading innovators in the industry to secure collaborations in next-generation peptide discovery and development, leveraging our established technical and operational expertise in peptide CRO and CDMO.

The following tables set forth China and the United States peptide CRDMO market size during the years indicated.

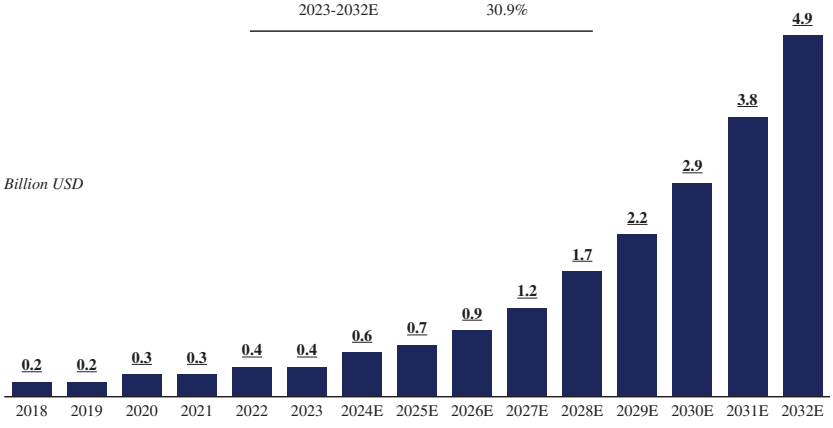
China Peptide CRDMO Market Size, 2018-2032E

	CAGR
2018-2023	26.8%
2023-2032E	25.9%



United States Peptide CRDMO Market Size, 2018-2032E

	CAGR
2018-2023	16.0%
2023-2032E	30.9%



Note: Cosmetic peptides are not included.

Source: Annual report, Expert interview, Public information, Frost & Sullivan analysis

Global Peptide-focused CRDMO Competitive Landscape

There are approximately 150 peptide CRDMO service providers in the global peptide CRDMO market. Among them, there are approximately 30 peptide-focused market players in the global peptide CRDMO market. The following table illustrates the market share of major peptide-focused CRDMO players in terms of revenue in 2023:

Company	Background	Main Business Area	Revenue Generated from Peptide in 2023 (Million USD)	2023 Market Share	Venue of the exchange
Bachem	Headquartered in Switzerland, which specializes in the development and production of peptides and oligonucleotides, and its services can be divided into three main categories, Commercial API, chemical manufacturing and control development, research & specialties	Europe, the U.S. and Asia	431.5	13.8%	SIX Swiss Exchange
PolyPeptide	Headquartered in Switzerland, which specializes in the development and manufacturing of synthetic peptides and oligonucleotides used as API or intermediates in therapeutic products	Europe, the Americas, Asia Pacific	313.6	10.0%	SIX Swiss Exchange
Medtide	Headquartered in China, the third largest peptide-focused CRDMO worldwide in terms of sales revenue in 2023	the U.S., China, Japan, Europe, South Korea and Australia	47.5	1.5%	–
Ambio	Headquartered in the U.S., a full-service peptide manufacturing company	the U.S., China and Europe	38.6	1.2%	–
USV Peptide	Headquartered in India, which focuses on peptide NCE, providing manufacturing and regulatory support, generic peptide development/ scaling up and commercial production	North America, Australia, South Korea, and MENA region	36.6	1.2%	–
BCNpeptides	Headquartered in Spain, which is an API manufacturing company, focusing on the GMP manufacturing of bioactive peptides for pharmaceutical, veterinary, and cosmetic applications	Europe, the U.S. and Asia	24.9	0.8%	–

Notes:

(1) Peptide-focused CRDMOs refer to companies where peptide CRDMO services contribute over 50% of their revenues.

(2) 2023 market share is calculated as revenue generated from peptide-related business of the peptide-focused CRDMO in 2023 divided by global peptide CRDMO market size by sales revenue in 2023.

Source: Annual reports, Expert interview, Frost & Sullivan analysis

Price Trends of Raw Materials

According to Frost & Sullivan, the raw materials used by peptide CRDMOs primarily include protected amino acids. The prices of such raw materials remained relatively stable during the Track Record Period. Similarly, the primary raw material for our peptide CRDMO service is protected amino acids. Our purchase price of protected amino acids experienced a slight decline since the second half of 2023. The cost of raw materials typically accounted for 15%-17% of our revenue during the Track Record Period, and the price fluctuations in raw materials had a very limited impact on our business.

OVERVIEW OF OLIGONUCLEOTIDE DRUGS

Introduction of Oligonucleotides and Oligonucleotide Drugs

Oligonucleotides represent a class of synthetic nucleic acid polymers, typically consisting of single- or double-stranded molecules with around 20 nucleotides. They are utilized for modulating gene expression through various mechanisms, including ASO, RNAi, and aptamers, among others. These oligonucleotide-based therapies encompass several major types, such as RNAi, ASO, siRNA, shRNA, dsRNA, piRNA, PMO and CpG oligonucleotides. Between January 1, 2015 and the Latest Practicable Date, a total of 18 oligonucleotide drugs have been approved for marketing worldwide, such as primary hyperoxaluria and primary hypercholesterolaemia, and neurodegenerative diseases, such as amyotrophic lateral sclerosis. The following diagram illustrates the main types of oligonucleotides.

The main types of oligonucleotides

RNA interference (RNAi)

- RNA interference (RNAi) is a naturally occurring posttranscriptional pathway of gene silencing mediated by short fragments of double-stranded RNA, which combine with homologous sequences in mRNAs and induce their breakdown.

Antisense oligonucleotides (ASO)

- An ASO is a single-stranded deoxyribonucleotide, which is complementary to the mRNA target.

  The goal of the antisense approach is the downregulation of a molecular target, usually achieved by induction of RNase H endonuclease activity that cleaves the RNA-DNA hetero-duplex with a significant reduction of the target gene translation.

Comparison of the major oligonucleotides

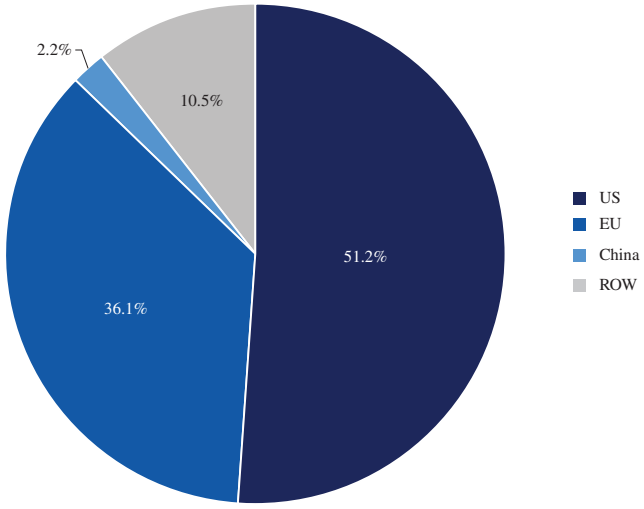
	RNAi	ASO
Mechanism of action	• The first step of RNAi involves processing and cleavage of longer double-stranded RNA into siRNAs, generally bearing a 2 nucleotide overhang on the 3'-end of each strand. When formed, siRNAs are bound by a multiprotein component complex referred to as RISC (RNA induced silencing complex). Within the RISC complex, siRNA strands are separated and the strand with the more stable 5'-end is typically integrated to the active RISC complex. The antisense single-stranded siRNA component then guides and aligns the RISC complex on the target mRNA and through the action of catalytic RISC protein, a member of the argonaute family (Ago2), mRNA is cleaved.	• By induction of endogenous RNase H activity (ASO-RNase H) that cleaves the mRNA-ASO hetero-duplex which leads to degradation of the target toxic mRNA and leaves the ASO intact; or • Binding to the RNA and causing translational inhibition by steric hindrance, exon skipping, exon inclusion, destabilization of pre-mRNA in the nucleus, or targeting the destruction of microsomal RNAs that control the expression of other genes.
Structure and length	• 20-25 nucleotides, double-stranded	• Usually 15 to 30 nucleotides, single-stranded
Features	• Relatively easier to obtain a potent siRNA since unmodified RNA works with high potency as opposed to ASOs • Double-stranded confers on siRNAs a greater stability, making it more appealing for in vitro studies as compared with ASOs • The presence of two strands of RNA may bring a higher off-target effect in siRNA-based drugs since both the sense and antisense strands could be active	• Since ASOs are single stranded, as opposed to siRNA, they have lower cost of production • Easier to deliver ASOs in vivo, since they do not need a vector and a simple chemical modification can increase their resistance to nucleases

Source: Frost & Sullivan analysis, Literature research

Oligonucleotide Drug Market Size

The global market of oligonucleotide drugs, a novel type of chemical drug with significant growth potential, by sales revenue, grew from US$2.0 billion in 2018 to US$4.5 billion in 2023, representing a CAGR of 16.9%, and is expected to further grow to US$45.9 billion by 2032, representing a CAGR of 29.6%. The oligonucleotide drug market by sales revenue in China grew from US$0.002 billion in 2019 to US$0.1 billion in 2023, representing a CAGR of 155.3%, and is expected to further grow to US$0.9 billion in 2032, representing a CAGR of 28.7%. The oligonucleotide drug market by sales revenue in the United States grew from US$1.2 billion in 2018 to US$2.3 billion in 2023, representing a CAGR of 14.4%, and is expected to further grow to US$20.0 billion in 2032, representing a CAGR of 27.3%. The following chart provides breakdown of the global oligonucleotide drug market by regions:

Breakdown of Global Oligonucleotide Drug Market, 2023



Note: ROW means "rest of the world"

Source: NMPA, FDA, EMA, Annual report, Frost & Sullivan analysis

Competitive Landscape of Oligonucleotide Drugs

Between January 1, 2015 and the Latest Practicable Date, a total of 18 oligonucleotide drugs had been approved for marketing worldwide, among which three oligonucleotide drugs had been approved in China. Oligonucleotide drug with highest sales revenue in 2023 was Spinraza (Nusinersen), an ASO drug developed by Ionis Pharmaceuticals, Inc., at US$1,741.2 million, followed by a siRNA drug Amvuttra (Vutrisiran) developed by Alnylam Pharmaceuticals, Inc. with US$557.8 million sales revenue in 2023. The following chart sets forth certain oligonucleotide drugs approved between January 1, 2020 and the Latest Practicable Date, which includes five ASO drugs, five siRNA drugs and one aptamer.

Category	Brand Name	Product	Target	Company	Indication	First Approval Date
siRNA	Qfitlia	Fitusiran	SERPINC1	Alnylam Pharmaceuticals	Hemophilia A or Hemophilia B	2025/3/28 (FDA)
ASO	TRYNGOLZA	Olezarsen	APOC3	Ionis Pharmaceuticals	Familial chylomicronemia syndrome (FCS)	2024/12/19 (FDA)
ASO	Wainua	Eplontersen	TTR	Ionis Pharmaceuticals, Akcea Therapeutics	Polyneuropathy of hereditary transthyretin-mediated amyloidosis	2023/12/21 (FDA)
siRNA	Rivfloza	Nedosiran	LDHA	Dicerna Pharmaceuticals, Novo Nordisk Pharmaceuticals	Primary hyperoxaluria type 1 (PH1)	2023/9/29 (FDA)
Aptamers	IZERVAY	Avacincaptad pegol	C5	Archemix	Geographic atrophy	2023/8/4 (FDA)
ASO	QALSODY	Tofersen	SOD1	Ionis Pharmaceuticals	Amyotrophic Lateral Sclerosis (ALS)	2023/4/25 (FDA) 2024/9/26 (NMPA)
siRNA	AMVUTTRA	Vutrisiran	TTR	Alnylam	Hereditary Transthyretin-mediated (hATTR) amyloidosis, polyneuropathy of hereditary transthyretin-mediated amyloidosis	2022/6/13 (FDA) 2022/9/15 (EMA) 2022/9/26 (Japan)
ASO	Amondys 45	Casimersen	DMD	Sarepta Therapeutics	Duchenne muscular dystrophy (DMD)	2021/2/25 (FDA)
siRNA	Leqvio	Inclisiran	PCSK9	Alnylam	Primary hypercholesterolaemia (heterozygous familial and non-familial) or mixed dyslipidaemia	2020/12/9 (EMA) 2021/12/22 (FDA) 2023/8/22 (NMPA)
siRNA	Oxlumo	Lumasiran	HAO1	Alnylam	Primary hyperoxaluria type 1 (PH1)	2020/11/19 (EMA) 2020/11/23 (FDA)
ASO	VILTEPSO	Viltolarsen	DMD	Nippon Shinyaku, NS Pharma	Duchenne muscular dystrophy (DMD)	2020/3/25 (Japan) 2020/8/12 (FDA)

Notes:

1. Products that were withdrawn from the market are not included.

2. Filter conditions: (1) first approval date since 2020/1/1, up to the Latest Practicable Date.

Source: FDA, EMA, NMPA, PMDA, Frost & Sullivan analysis

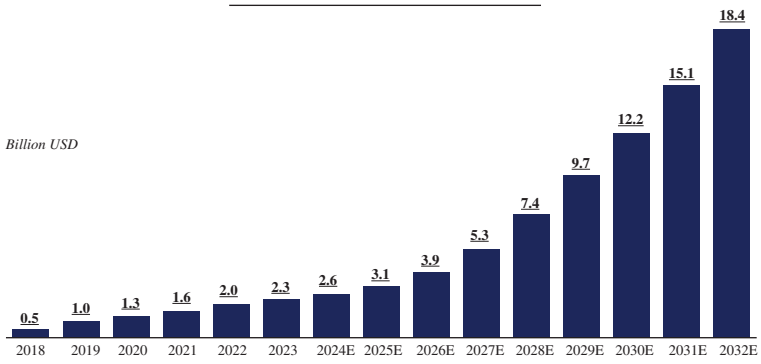
OVERVIEW OF OLIGONUCLEOTIDE CDMO MARKET

Global, China and the United States Oligonucleotide CDMO Market

The global oligonucleotide CDMO market by sales revenue grew from US$0.5 billion in 2018 to US$2.3 billion in 2023, representing a CAGR of 33.8%, and is expected to further grow to US$18.4 billion in 2032, representing a CAGR of 26.0%. The oligonucleotide CDMO market by sales revenue in China grew from US$0.001 billion in 2019 to US$0.3 billion in 2023, representing a CAGR of 300.1%, and is expected to further grow to US$1.8 billion in 2032, representing a CAGR of 24.5%. The oligonucleotide CDMO market by sales revenue in the United States grew from US$0.3 billion in 2018 to US$1.1 billion in 2023, representing a CAGR of 32.4%, and is expected to further grow to US$7.0 billion in 2032, representing a CAGR of 23.3%. The following charts set forth the global, China and the United States oligonucleotide CDMO market by sales revenue.

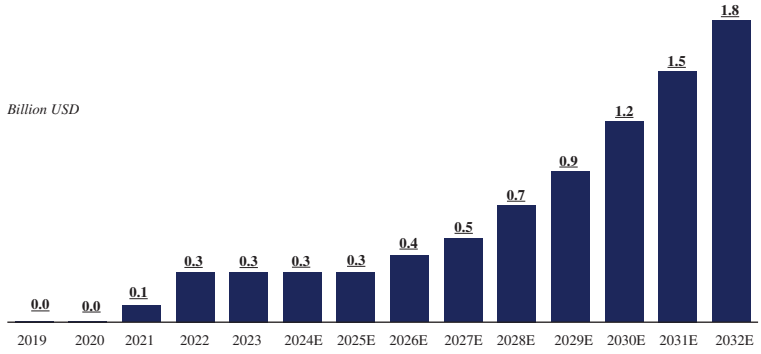
Global Oligonucleotide CDMO Market Size, 2018-2032E

	CAGR
2018-2023	33.8%
2023-2032E	26.0%



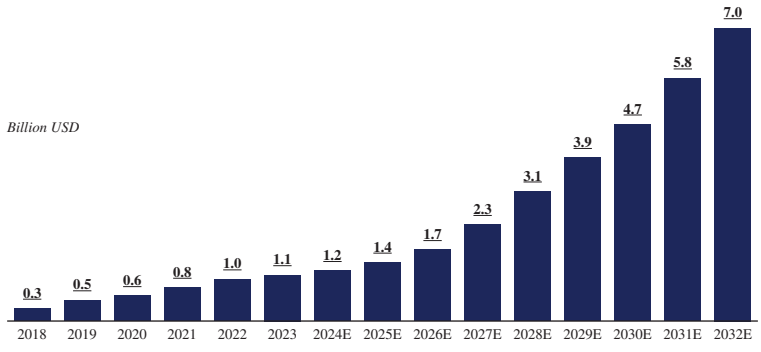
China Oligonucleotide CDMO Market Size, 2019-2032E

	CAGR
2019-2023	300.1%
2023-2032E	24.5%



US Oligonucleotide Drug CDMO Market Size, 2018-2032E

	CAGR
2018-2023	32.4%
2023-2032E	23.3%



Source: Annual report, Expert interview, Public information, Frost & Sullivan analysis

REPORT COMMISSIONED BY FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent consulting firm, to conduct detailed research on the global peptide and oligonucleotide drug markets and the outsourcing services industry. We have agreed to pay a fee of RMB450,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this Prospectus to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the global peptide and oligonucleotide drug markets and the global peptide and oligonucleotide outsourcing services market, as well as major players in the global peptide and oligonucleotide outsourcing services industry. Primary research involved discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing annual reports of public companies, independent research reports and Frost & Sullivan's proprietary databases. The Frost & Sullivan Report was compiled based on the assumptions that (i) the global economies, in particular, the United States and China, are likely to maintain a steady rate of growth in the next decade; (ii) the key growth drivers mentioned in this section are likely to drive the growth of the global peptide and oligonucleotide drug markets and the peptide and oligonucleotide outsourcing market from 2022 to 2032, and (iii) there is no force majeure or industry regulation that affects any of such markets dramatically or fundamentally. For the avoidance of doubt, the impacts of COVID-19 have been considered when compiling information in the Frost & Sullivan Report. In this section, Frost & Sullivan presents historical market information for six years (i.e., from 2018 to 2023) which is longer than the Track Record Period and, we believe, is a more accurate reflection of the trends that affect our markets.

Our Directors confirmed that, after taking reasonable care, as of the Latest Practicable Date, there had been no adverse change in the market information set forth herein since the date on which the Frost & Sullivan Report was issued.

This section sets forth a summary of the principal laws, rules and regulations in the PRC that are relevant to our business.

MAJOR REGULATORY AUTHORITIES AND RELEVANT ORGANIZATIONS

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 (NMPA)

The NMPA is subordinate to and supervised by the State Administration of Market Supervision, and is the main regulatory body for the supervision and management of drugs and related affairs in China. It is responsible for drug safety supervision and management, formulating supervision and management policy planning, organizing the drafting of draft laws and regulations, managing drug standards, organizing the formulation of national pharmacopoeia and other industry standards, organizing the formulation of classified management system, and supervising the implementation. The NMPA is also in charge of drug registration management, formulating the registration management system, strictly reviewing and approving the listing, managing the risks after the listing of drugs, undertaking the emergency management of drug safety according to law, organizing and guiding drug supervision and inspection, investigating and handling illegal activities in drug registration according to law, organizing and guiding the investigation and handling of illegal activities in production according to responsibilities, and guiding the supervision of local governments on drugs. As an integrated CRDMO service provider, focusing on the global peptide and oligonucleotide drug market, the company is managed and supervised by National Medical Products Administration and local drug regulatory authorities.

National Development and Reform Commission (NDRC)

The NDRC is a component of the PRC State Council, which implements the principles, policies, and decision-making arrangements for development and reform. It is mainly responsible for formulating and organizing the implementation of national economic and social development strategies, and drafting relevant laws and regulations on national economic and social development, economic system reform and opening up, which has a great impact on drug research and development, production and service industries. Besides, as the Company established enterprises overseas, it is also subject to NDRC's supervision in regards to overseas investment.

Ministry of Commerce of the PRC (MOFCOM)

The MOFCOM is the department in charge of the PRC's domestic & international trade and international economic cooperation. It is responsible for formulating development strategies and policies for domestic and foreign trade and international economic cooperation, drafting laws and regulations and formulating departmental rules and regulations on domestic and foreign trade, foreign investment, outward foreign investment and outward foreign economic cooperation; formulating foreign investment policies and reform programmes and organizing their implementation; and approving, in accordance with the law, the establishment of and changes in foreign-invested enterprises. It also approves the establishment and changes of foreign-invested enterprises in accordance with the law, and approves the contracts and articles of association of major foreign-invested projects and major changes as specifically as stipulated by the law. As a foreign-invested joint stock company, the company is subject to the daily supervision of the commerce department.

General Administration of Customs of the PRC

The General Administration of Customs of the PRC is a directly affiliated institution of the State Council which is responsible for customs supervision, collection and management of import and export duties and other taxes, entry-exit health quarantine, statutory inspection of import and export commodities, national import and export trade and other customs statistics, and comprehensive national anti-smuggling work. The company is subject to the management and supervision of the customs department when importing and exporting goods.

LAWS AND REGULATIONS OF THE PRC

Drug Research and Development & Registration Services

Regulations on Research and Development of New Drugs

Pursuant to 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, became effective on July 1, 1985 and amended on February 28, 2001, December 28, 2013, April 24, 2015 and August 26, 2019, activities engaged in the development, production, operation and use of drugs shall comply with laws, regulations, rules, standards and norms, and ensure that information on the entire process is true, accurate, complete and traceable. Those engaged in drug development activities shall comply with the code of practice for the quality management of non-clinical studies of drugs and code of practice for the quality management of clinical trials of drugs, and ensure that the whole process of drug development continuously meets the statutory requirements.

Pursuant to the Regulations of Implementation of the Drug Administration Laws 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, became effective on September 15, 2002 and amended on March 2, 2019 and December 6, 2024, respectively, clinical trials of drugs, the production of drugs and the import of drugs shall comply with the provisions of the Drug Administration Law and the Regulations for Implementation of the Drug Administration Law, and shall be examined and approved by the drug supervision and administration department of the State Council; The pharmaceutical supervisory and administrative department of the State Council may entrust the pharmaceutical supervisory and administrative departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government to review the development and conditions of the declared drugs, review the application materials in form, and test the trial-produced samples. The pharmaceutical supervisory and administrative department shall supervise and inspect the development, production, marketing and use of drugs according to law.

The CDE on February 17, 2023 issued and implemented the "Chemical Synthesis Peptide Drug Pharmacy Research Technical Guidelines (for trial implementation)" (《化學合成多肽藥物藥學研究技術指導原則(試行)》), for the guidance of chemical synthesis peptide drug pharmacy, to provide reference to the technical standards.

Drug Manufacturing

Pursuant to the Drug Administration Law of the PRC, a drug manufacturing enterprise is required to obtain a Drug Manufacturing License (藥品生產許可證). According to the Measures for the Supervision and Administration of Pharmaceutical Production (《藥品生產監督管理辦法》), the "**Pharmaceutical Production Measures**") which was promulgated by CFDA on August 5, 2004 with effect from the same date, revised on November 17, 2017 and January 22, 2020 respectively, to produce preparations, APIs, an applicant shall, in the light of Pharmaceutical Production Measures and the requirements of NMPA for application materials, file an application with the medical products administrative department of the province where it is located. The medical products administrative department of a province shall, within 30 days of the date of acceptance, make a decision. Where the provisions are complied with upon examination, approval shall be granted and a drug production license shall be issued within 10 days of the date when the decision of written approval is made; and where the provisions are not complied with, a written decision of disapproval shall be made and the reasons shall be explained. The Drug Manufacturing License is valid for five years and shall be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority.

Pursuant to the Drug Administration Law of the PRC, undertaking of drug manufacturing shall comply with drug manufacturing quality management norms, establish and improve upon a drug manufacturing quality management system, ensure the whole drug manufacturing process continuously comply with statutory requirements. The legal representative and the key person-in-charge of a drug manufacturing enterprise shall be fully responsible for the enterprise's drug manufacturing activities. GMP for Pharmaceutical Products (《藥品生產質量管理規範》) which was promulgated on December 28, 1992 with effect from

the same date and amended on June 18, 1999 and January 17, 2011, respectively, comprises a set of detailed standard guidelines governing the manufacture of the drugs, including institution and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, product operation, raw material management, maintenance of sales records and manner of handling customer complaints.

According to the Announcement on Implementing the Drug Administration Law of PRC issued by National Medical Products Administration on November 29, 2019, GMP certification will be cancelled on December 1, 2019, GMP certification applications will no longer be accepted and GMP certification certificates will no longer be issued. However, according to the Drug Administration Law of PRC, drug manufacturers still have to abide by GMP, establish and improve GMP system, and ensure that the whole drug production process always conforms to the legal provisions.

On May 24, 2021, NMPA promulgated the Measures for the Administration of Drug Inspection (for Trial Implementation) (《藥品檢查管理辦法(試行)》) (which came into effect on the same day, and was amended on July 19, 2023). The Measures for the Administration of Drug Inspection (for Trial Implementation) stipulates that drug manufacturers applying for a Drug Manufacturing License for the first time shall carry out on-site inspections in accordance with the GMP requirements. For an application for re-issuance of a Drug Manufacturing Permit, the examination shall be carried out in light of the enterprise's compliance with laws and regulations on drug administration, GMP and operation of quality system under the principles of risk management, and GMP conformity inspection may be conducted if necessary.The GMP conformity inspection shall be conducted in case of new construction, reconstruction or expansion of a workshop or production line at the original address or at another place.

Drug Registration

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》) promulgated by State Administration for Market Regulation (the "**SAMR**") on January 22, 2020, the Measures shall apply to those engaging in drug development and registration within the territory of the PRC. The term "drug registration" shall mean the activities of drug registration applicants (applicant(s)) applying for clinical trial of drugs, drug marketing authorisation, re-registration etc as well as supplementary applications, in accordance with the statutory procedures and the relevant requirements, and the drug administrative authorities conducting examination of safety, effectiveness and quality control etc based on laws and regulations and the current scientific knowledge, and deciding on approval or non-approval of the applications.

Pursuant to the Announcement on adjusting the examination and approval items of APIs, pharmaceutical excipients and packaging materials (《國家食品藥品監督管理總局關於調整原料藥、藥用輔料和藥包材審評審批事項的公告》) and the Measures for the Administration of Drug Registration, the NMPA shall establish a bundling review examination and approval system for APIs, excipients and packaging materials and containers which come into direct

contact with drug. When a pharmaceutical preparation is being reviewed and examined, APIs and the relevant excipients, packaging materials and containers which come into direct contact with drug shall be subject to bundling review. The Center for Drug Evaluation shall establish an information registration platform for APIs, excipients and packaging materials and containers which come into direct contact with drug, and announce the relevant registration information, for the applicant or the holder to choose, and carry out bundling review for review of application for registration of the relevant pharmaceutical preparation.

Product Liability

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, became effective on September 1, 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. According to the PRC Product Quality Law, if a defect in a product causes physical injury or damage to property other than the defective product (third party property), the producer shall bear liability for compensation. A producer may not bear liability for compensation if any of the following circumstances is proven: (i) the product has not been put into circulation; (ii) the defect causing the damage did not exist when the product was put into circulation; (iii) when the product was put into circulation, the level of science and technology at the time was not sufficient to detect the existence of the defect. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to third party property, the seller shall bear liability for compensation. If a seller is unable to identify the producer of a defective product and is also unable to identify the supplier thereof, the seller shall bear liability for compensation.

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 on May 28, 2020 and came into force on January 1, 2021, In the event of product defects which have caused damage to others, the manufacturer shall bear tortious liability. If the damage caused to others due to product defect, the infringed may seek compensation from the manufacturer of the products or may also seek compensation from the seller of the products. Where the product defect is caused by the producer, the seller may, after paying compensation, claim the same from the producer. Where the product defect is caused by the fault of the seller, the producer may, after paying compensation, claim the same from the seller. In the event of product defects which compromise the personal and property security of others, the infringed shall have the right to request the manufacturer and the seller to bear tortious liability such as cessation of infringement, removal of obstruction, elimination of danger, etc.

Regulations on Environmental Protection, Health and Safety

Environmental Protection

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 with effect from the same date and last amended on April 24, 2014, summarizes the rights and responsibilities of environmental protection regulatory authorities. The competent department of environmental protection in the State Council is responsible for formulating national environmental quality standards and pollutant discharge standards, and the people's governments of provinces, autonomous regions and municipalities directly under the Central Government may formulate local environmental quality standards and pollutant discharge standards that are stricter than the national standards. In this case, the company concerned must comply with national and local standards.

Environmental Impact Assessment

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002, became effective on September 1, 2003, amended on July 2, 2016 and December 29, 2018, respectively, for construction projects that have an impact on the environment, entities shall prepare an environmental impact report, environmental impact statement or registration form in accordance with the severity of the impact that the project may have on the environment.

According to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 with effect from the same date and last amended on July 16, 2017, the construction entity shall submit an environmental impact report or an environmental impact statement, or fill in a registration form, as applicable, depending on the degree of impact the construction project has on the environment. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction entity shall submit the environmental impact report and environmental impact statement to the competent administrative authority of environmental protection for approval before the commencement of the construction. If the environmental impact assessment documents of a construction project have not been reviewed by the competent administrative authority in accordance with the law or have not been granted approval after the review, the construction entity shall be prohibited from commencing construction works of such project.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated and implemented by the former Ministry of Environmental Protection (now the MEE) on November 20, 2017, regulate the procedures and standards for environmental protection acceptance by construction entities upon the completion of construction projects.

Pollution Discharge

Pursuant to Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, Enterprises, public institutions and other producers and business operators that are subject to pollutant discharge permit administration in accordance with laws shall apply for and obtain a pollutant discharge permit in accordance with the Regulations. The entities that fail to obtain a pollutant discharge permit shall not discharge any pollutants.

The Measures for the Administration of Pollutant Discharge Permit (排污許可管理辦法) promulgated by Ministry of Ecology and Environment on April 1, 2024 (effective on July 1, 2024) stipulates that enterprises, institutions and other producers and operators that implement the management of pollutant discharge permits according to the law shall apply for obtaining pollutant discharge permits according to the law and discharge pollutants according to the provisions of the pollutant discharge permits; No pollutant shall be discharged without obtaining a pollutant discharge permit.

Pursuant to the Notice of the General Office of the State Council on Issuing the Implementation Plan for the Control of Pollutant Release Permit System (《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》) promulgated on November 10, 2016 and the Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019) (《固定污染源排污許可分類管理名錄》(2019年版)) promulgated by the MEE on December 20, 2019, the state implements a focused management and a simplification of emission permits based on the pollutant-discharging enterprises and other manufacturing businesses' amount of pollutants, emissions and the extent of environmental damage. The manufacturing of drug substance and manufacturing dose for chemical drugs are industries that shall obtain the discharge permit in accordance with the prescribed time limit.

According to the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), promulgated by the State Council on October 2, 2013 with effect from January 1, 2014, urban entities and individuals shall dispose of sewage through urban drainage facilities covering their geographical area in accordance with the law. Companies or other entities engaging in industrial activities shall apply for a sewage disposal drainage license (《污水排入排水管網許可證》) before disposing sewage into urban drainage facilities. Sewage-disposing entities and individuals shall pay sewage treatment fees in accordance with the law.

The Law of the PRC on Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》), promulgated by the SCNPC on May 11, 1984, became effective on November 1, 1984 and last amended on June 27, 2017, requires that new construction projects and reconstruction or expansion projects and other installations on water that directly or indirectly discharge pollutants to water bodies shall be subject to environmental impact assessment in accordance with the law. The facilities for prevention and control of water pollution shall be designed, constructed and put to use simultaneously with the main parts of a construction project. The facilities for prevention and control of water pollution shall conform to the requirements of the approved or filed environmental impact assessment documents.

Regulations on Work Safety

Work Safety

According to the Safety Production Law of the PRC (《中華人民共和國安全生產法》), promulgated by the SCNPC on June 29, 2002 and effect from November 1, 2022 and amended on August 31, 2014 and June 10, 2021, respectively, a producers and business operators shall abide by this Law and other laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism, and improve the level of work safety so as to ensure work safety. Enterprises that do not have the conditions for safe production shall not engage in production and business activities.

According to the Measures for the Supervision and Administration of "Three Simultaneities" Requirements for the Safety Facilities of Construction Projects (《建設項目安全設施"三同時"監督管理辦法》), which were promulgated by the former State Administration of Work Safety (now the Ministry of Emergency Management (the "**MEM**")) on April 2, 2015 and became effective on May 1, 2015, the safety facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

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, became effective on March 15, 2002 and amended on March 2, 2011 and December 7, 2013, respectively. An entity using hazardous chemicals shall comply with the provisions of laws and administrative regulations and the requirements of national standards and industrial standards in in terms of use conditions (including techniques), and shall, in accordance with the types and hazard characteristics of the used hazardous chemicals as well as the amount and mode of use, establish and perfect the safety administration regulations and safety operating rules for the use of hazardous chemicals so as to guarantee the safe use of hazardous chemicals.

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, became effective on November 1, 2005 and amended on February 6, 2016 and September 18, 2018 respectively, stipulates and regulates the production, operation, purchase, transportation, import and export of precursor chemicals. The precursor chemicals are classified into three categories. Category I includes the major materials that can be used for producing drugs. Categories II and III include the chemical agents that can be used for producing drugs. An entity that applies for purchasing the precursor

chemicals in Category I shall submit the following certificates to the competent administrative department for examination and approval, and obtain the purchase license therefrom upon approval. An entity that is to purchase any chemical liable to producing drugs in Category II or III shall, prior to the purchase, file an information about the type and quantity in demand for record, with the public security organ of the local people's government at the county level.

The Measures for the Administration of Public Security of Explosive Hazardous Chemicals (《易製爆危險化學品治安管理辦法》) promulgated by the Ministry of Public Security on July 6, 2019 and came in to effect on August 10, 2019, stipulates that the selling and purchasing units of explosive hazardous chemicals shall report the variety, quantity and flow information of explosive hazardous chemicals sold and purchased to the local county-level public security organ for the record within five days after the sale and purchase.

Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) or the Fire Prevention Law, promulgated by the SCNPC on April 29, 1998, became effective on September 1, 1998 and amended on October 28, 2008, April 23, 2019 and April 29, 2021, respectively, the design and construction of the fire control facilities for a construction work shall comply with the national fire control technical standards. The developer, designer, constructors and project supervisor of a construction project shall be responsible for the quality of the design and construction of the fire control facilities for the construction work according to the relevant laws.

According to the Fire Prevention Law and the Interim Provisions on Design Inspection and Acceptance of Fire Protection of Construction Works (《建設工程消防設計審查驗收管理暫行規定》) or the interim Provisions on Fire Protection, (promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective as of June 1, 2020, amended on August 21, 2023). The developer shall bear the primary responsibility for the fire protection design and construction quality of the construction project according to law.

Regulations on Labor

Labor

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, became effective on January 1, 1995, 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, became effective on January 1, 2008 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. Employers must establish and improve labour safety and hygiene systems, strictly implement

national labour safety and hygiene regulations and standards, and educate workers about labour safety and hygiene. Employers must provide workers with labour safety and hygiene conditions and the necessary labour protective equipment in accordance with State regulations, and workers engaged in occupationally hazardous work should undergo regular health checks.

Social Insurance and Housing Accumulation Fund

Under 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, became effective on July 1, 2011 and amended on December 29, 2018, 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 with effect from the same date and 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.

The General Office of the Central Committee of CPC and the General Office of the State Council jointly issued the Reform Program of the State Tax and Land Tax Collection and Management System (《國稅地稅徵管體制改革方案》) on July 20, 2018, which stipulates that from January 1, 2019, the tax department is responsible for the collection of social insurance premiums. According to the Circular on Doing the Work Relating to the Collection and Administration of Social Insurance Premiums in a Steady and Orderly Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the State Administration of Taxation on September 13, 2018 and Emergency Notice on Implementing the Spirit of the Executive Meeting of the State Council to Effectively Do a Good Job in Stabilizing the Collection of Social Insurance Premiums (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), issued by the Ministry of Human Resources and Social Security on September 21, 2018, all local departments responsible for collecting social insurance are strictly prohibited from centrally clearing enterprises' historical arrears on their own. The Circular on the Implementation of Certain Measures to Further Support and Serve the Development of the Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued by the State Administration of Taxation on November 16, 2018 reiterated that tax agencies at all levels are not allowed to organize on their own to carry out centralized clearing of fees owed by contributors, including private enterprises, for previous years. The Circular on the Issuance of the Comprehensive Plan for Reducing Social Insurance Premium Rates (《關於印發<降低社會保險費率綜合方案>的通知》), issued by the General Office of the State Council on April 1, 2019, generally reduces the burden of social insurance payment on enterprises and re-emphasizes that local authorities shall not carry out centralized clearing of historical arrears of fees and charges owed by enterprises on their own.

Prevention and Control of Occupational Diseases

According to the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) which was promulgated on October 27, 2001, became effective as of May 1, 2002 and amended on December 31, 2011, July 2, 2016, November 4, 2017 and December 29, 2018, the prevention and control of occupational diseases shall follow the guideline of "focusing on prevention and combining prevention with control." An employer shall: (i) establish and improve the accountability system for prevention and treatment of occupational diseases, enhance management of, and raise the level in this field, and bear responsibility for the occupational disease hazards produced; (ii) contribute to occupational injury insurance; (iii) provide facilities for the effective prevention and protection of occupational diseases, and provide materials to employees for personal use against occupational diseases; (iv) provide alarm equipment, allocate on-spot emergency treatment materials, washing equipment, emergency safety exits and necessary safety zones for work places where acute occupational injuries are likely to take place due to poisonous and harmful elements therein; and (v) inform the employees of, and specify in the labor contracts with the employees the potential harm of, occupational disease as well as the consequences thereof, and the prevention and protection measures and treatment against occupational diseases when signing the labor contracts with employees.

According to the Law of the PRC on the Prevention and Control of Occupational Diseases, in the event that any newly built, expanded or renovated construction project, or technology renovation or introduction project (hereinafter the "**Construction Project**") may generate occupational disease hazards, the owner shall conduct the assessment of occupational disease hazards during the feasibility study stage. The occupational disease hazard pre-assessment report shall assess the Construction Project as to possible occupational disease hazard factors and their impact on the workplace and health of the workers, and determine the type of the hazards and the measures for protection against occupational diseases. Pursuant to the Classified Management Catalog for the Risks of Occupational Disease Hazards at Construction Projects (《建設項目職業病危害風險分類管理目錄》) which was promulgated on March 12, 2021 with effect from the same date, the manufacturing of APIs of chemical drug falls within the "serious" category.

Regulations on Self-Owned Real Properties

According to the Civil Code of the PRC or the PRC Civil Code properties referred to in this law include real property and personal property. Establishment, modification, assignment and extinguishment of real rights to immovables shall be effective upon registration pursuant to law. The construction land use right may be established through assignment or allotment, etc. The holder of the construction land use right shall reasonably use the land and may not alter the use purpose.

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), promulgated by the SCNPC on June 25, 1986, became effective on January 1, 1987 and last amended on August 26, 2019, China implements "socialist public ownership of land", that is, ownership by the whole people or collective ownership by the working masses. The State formulates an overall land utilization plan to stipulate land use, classifying land into agricultural land, construction land, or unused land. Entities or individuals using land must use the land strictly in accordance with the purposes of land use determined in the overall land utilization plan.

Regulations on Real Estate Leasing

According to the Civil Code of the PRC or the PRC Civil Code, a lease contract is a contract whereby the lessor delivers to the lessee the item for the latter's use or benefit therefrom, and the lessee pays the lease expense. The contents of a lease contract generally include terms such as the name, quantity and purpose of the leased property, lease term, lease expense as well as time limit and method for its payment, and maintenance of the leased property.

According to Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development of PRC on December 1, 2010 and became effective on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Failure to comply with the above requirements may subject the relevant lessors and lessees to administrative penalties, including orders to make corrections within a certain period of time and fines.

Regulations on Intellectual Property

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》, the "**PRC Patent Law**"), promulgated by the SCNPC on March 12, 1984, became effective on April 1, 1985 and amended on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020, respectively, 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 last amended by the State Council on December 11, 2023, there are three types of patents in the PRC: invention patent, utility model patent and design patent. The term of a patent for an invention shall be 20 years, the term of a patent for a utility model shall be 10 years, and the term of a patent for a design shall be 15 years, all commencing from the date of filing of application. 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 PRC Patent Law, for the purpose of public health, the patent administrative department under the PRC State Council may grant mandatory licensing for patented drugs manufactured and exported to countries or regions which comply with the provisions of the relevant international treaty participated by the People's Republic of China.

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, became effective on March 1, 1983, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities pursuant to the provisions within the 12-month period before the expiry date; where renewal formalities are not completed within the stipulated period, a six-month extension may be allowed. The validity period of each renewal shall be 10 years, commencing from the date following expiry of the preceding validity period of the said trademark. Where renewal formalities are not completed upon expiry of the validity period, the registered trademark shall be canceled. The trademark bureaux shall gazette renewed registered trademarks. Infringement of the exclusive right to use registered trademarks, the administration for industry and commerce has the right to investigate and deal with in accordance with the law, suspected of committing a crime, the administration for industry and commerce shall promptly transfer to the judicial organs in accordance with the law.

Domain Name

In accordance with the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 with effect from November 1, 2017, the corresponding permit shall be obtained pursuant to these Measures from the MIIT or the communication administrative bureau of the province, autonomous region or centrally-administered municipality for establishment of domain name root servers and domain name root server operating organizations, domain name registration management organizations and domain name registration service organizations. Domain name registration service organisations providing domain name registration services shall require applicants for domain name registration to provide true, accurate and complete domain name registration information of the domain name holder such as the identity information etc.

Regulations on Taxation

PRC Enterprise Income Tax

The PRC Enterprise Income Tax, or EIT, is calculated based on the taxable income determined under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》, the PRC EIT Law), which was promulgated on March 16, 2007, became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively. The PRC EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. The PRC EIT Law and its implementation rules permit the enterprises qualified as "High and New Technologies Enterprises", or HNTEs, to enjoy a reduced 15% enterprise income tax rate.

PRC Value Added Tax

On March 23, 2016, Ministry of Finance of PRC (the "**MOF**") and the State Administration of Taxation (the SAT) jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), which took effect on May 1, 2016 and was last amended with effect from April 1, 2019 following the enactment of the Announcement 39 (as defined below). According to the Circular 36, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay Value-added Tax, or VAT, in lieu of business tax. A VAT rate of 6% applies to revenue generated from the provision of certain services.

On March 20, 2019, the MOF, the SAT and the General Administration of Customs of the PRC issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) (the "**Announcement 39**"), which came into effect on April 1, 2019, to further slash VAT rates. According to Announcement 39, (i) the 16% or 10% VAT rate previously imposed on sales and imports by general VAT taxpayers is reduced to 13% or 9% respectively; (ii) the 10% VAT deduction rate previously allowed for the procured agricultural products is reduced to 9%; (iii) for the agricultural products procured for production or commissioned processing with a 13% VAT rate, the amount of input VAT shall be calculated at the 10% VAT deduction rate; and (iv) the 16% or 10% export VAT refund rate previously granted to the exportation of goods or labor services is reduced to 13% or 9%, respectively.

Regulations on Import and Export

Promulgated by The General Administration of Customs of the PRC on November 19, 2021 and effective January 1, 2022, Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) stipulates that consignors or consignees of imported or exported goods or customs declaration enterprises that apply for record-filing shall obtain market entity qualifications; in the case of consignors or consignees of imported or exported goods applying for record-filing, they shall also complete the record-filing formalities for foreign trade dealers. If the record-filing materials are complete and meet the record-filing requirements for a customs declaration entity upon review, the Customs shall approve the record-filing within three business days. The record-filing information shall be made public via the Import and Export Credit Information Publicity Platform of the Customs of China.

Regulations on Foreign Investment and Outbound Investment

Foreign Investment

Companies with limited liability and joint stock companies established in the PRC shall be subject to the Company Law of the PRC (《中華人民共和國公司法》, the "**PRC Company Law**"), which was promulgated by the SCNPC on December 29, 1993 (effective as from July 1, 1994) and was last amended on December 29, 2023 and came into effect on July 1, 2024.

The PRC Company Law provides general regulations for companies' incorporation and operation in the PRC including the foreign-invested companies. Unless otherwise provided in the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》, the "**PRC Foreign Investment Law**"), the provisions in the PRC Company Law shall prevail.

Foreign investors in the PRC are subject to certain restrictions regarding the types of industries they can invest in. The Special Administrative Measures for the Access of Foreign Investment (2024) (the "**Negative List**") (《外商投資准入特別管理措施(負面清單)(2024年版)》) was promulgated by the MOFCOM and the NDRC on September 6, 2024 and came into effect on November 1, 2024. The Negative List set out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by the MOFCOM and the SAMR on December 30, 2019 and effective as from January 1, 2020, a listed foreign-funded company may, when the change of foreign investors' shareholding ratio accumulatively exceeds 5% or the foreign party's controlling or relatively controlling status changes, report the information on the modification of investors and the shares held by them.

Outbound Investment

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017 and became effective on March 1, 2018, to make outbound investment, any investor shall go through the formalities to have a proposed overseas investment project approved or filed on the record, report relevant information, and cooperate with supervision and inspection. Overseas investment projects that involve any sensitive country or region or any sensitive industry need to be approved by the NDRC. Overseas investment projects other than those specified above are subject to filing administration. The NDRC promulgated the List of Sensitive Sectors for Outbound Investment (2018) (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018 and effective as from March 1, 2018 to list the current sensitive industries in detail.

According to the Administrative Measures for Outbound Investment (《境外投資管理辦法》), which was promulgated by the MOFCOM on March 16, 2009, became effective on May 1, 2009 and amended on September 6, 2014, outbound investment refers to the activities of possessing non-financial enterprises or acquiring the ownership of, the control over, the operation and management right of, and other rights of and interests in, the existing non-financial enterprises outbound through consolidation, merger and acquisition, or otherwise conducted by enterprises that are established in the PRC in accordance with the law. The MOFCOM and the provincial departments in charge of commerce shall conduct archive filing and verification management according to different circumstances of outbound investment of

an enterprise. Where the outbound investment carried out by an enterprise involves sensitive countries and regions and sensitive industries, verification management shall be implemented. Archive filing management shall be implemented for other circumstances of outbound investment of an enterprise.

Pursuant to the Provisions on the Foreign Exchange Administration of Overseas Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (國家外匯管理局, the "**SAFE**") on July 13, 2009, which became effective on August 1, 2009 and the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for 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》) promulgated by the SAFE on February 13, 2015, upon obtaining approval for overseas investment, a PRC enterprise shall apply for foreign exchange registration for its overseas direct investments with the banks in the place where it's registered. According to the Guidelines for Foreign Exchange Business under the Capital Account (2024 Edition) (《資本項目外匯業務指引(2024年版)》) promulgated by SAFE on April 3, 2024, and became effective on May 6, 2024, the proceeds received from overseas offering and listing by domestic companies shall in principle be promptly repatriated to the domestic territory, the use of such proceeds for outbound direct investments, overseas securities investments, cross-border lending, and other related activities shall comply with applicable foreign exchange regulations requirements.

Regulations on Foreign Exchange and Dividend Distribution

Foreign Exchange Control

The PRC Regulations for the Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, established the regulatory framework of the administration on foreign currency exchange in China.

The Provisions on the Administration of Foreign Exchange in Domestic Direct Investments by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), which were promulgated by SAFE on May 10, 2013, became effective on May 13, 2013 and amended on October 10, 2018 and December 30, 2019, respectively, regulate and clarify the administration over foreign exchange administration in foreign investors' direct investments, and provide that the administration by SAFE or its local branches over direct investment by foreign investors in China shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in China based on the information recorded with the SAFE and its branches.

According to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) and its appendix promulgated on November 19, 2012, became effective on December 17, 2012 and amended on May 4, 2015, October 10, 2018 and December 30, 2019 by the SAFE, the foreign exchange procedures are

further simplified: (i) the opening of and payment into foreign exchange accounts under direct investment are no longer subject to approval by the SAFE; (ii) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (iii) the procedures for capital verification and confirmation that foreign-invested enterprises need to go through are simplified; (iv) purchase and external payment of foreign exchange under direct investment are no longer subject to approval by SAFE; (v) domestic transfer of foreign exchange under direct investment is no longer subject to approval by SAFE; and (vi) the administration over the settlement of foreign exchange capital of foreign-invested enterprises is improved. Later, the SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect 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》) on February 13, 2015 which became effective on June 1, 2015 and amended on December 30, 2019, prescribed that the banks instead of the SAFE can directly handle foreign exchange registrations under foreign direct investment and outbound investment while the SAFE and its branches indirectly supervise the foreign exchange registration under foreign direct investment through the bank.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their funds received by way of capital contribution, foreign debts and overseas listing, with no need to provide the evidentiary materials concerning authenticity of such payment to banks in advance, provided that their capital use shall be authentic and compliant, and conform with the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct ex post spot check and the local branches of the SAFE shall strengthen monitoring analysis and interim and ex post regulation in accordance with the relevant requirements.

Dividend Distribution

According to the PRC Company Law, companies shall contribute 10% of the profits into their statutory capital reserve (法定公積金) upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory capital reserve is more than 50% of its registered capital. Where the balance of the statutory capital reserve of a company is insufficient to make good its losses in the previous year, the company shall make good such losses using its profits of the current year before making contribution to the statutory capital reserve. Upon contribution to the statutory capital reserve with its post-tax profits, a company may make further contribution to the capital reserve with its post-tax profits upon a resolution made by the shareholders' meeting.

The SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) on January 26, 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records

and audited financial statements for any remittance of profits of more than (not excluding) USD50,000; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration and outward remittance procedures in connection with an outbound investment.

Dividend Withholding Tax

The PRC EIT Law stipulates that the income tax payable by non-resident enterprises for income derived from China shall be withheld at the source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or due each time it is paid or due. According to the Implementation Regulations for the PRC EIT Law (《中華人民共和國企業所得税法實施條例》) promulgated and implemented by the State Council on April 23, 2019 and amended on December 6, 2024, if a non-resident enterprise has no office or premises established in China or the income derived or accrued has no de facto relationship with the office or premises established, the enterprise income tax will be levied at a reduced rate of 10%.

According to the Notice of the SAT on Issues Related to Withholding and Paying Corporate Income Tax by China Resident Enterprises to Overseas H-share Non-resident Enterprise Shareholders (《國家税務總局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》) issued and implemented by the the SAT on November 6, 2008, when China Resident Enterprises distribute dividends to overseas H-share non-resident enterprise shareholders in 2008 and beyond, they will uniformly withhold and pay corporate income tax at the rate of 10%.

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 Avoidance of Dual Taxation**"), if a Hong Kong enterprise directly holds at least 25% of the equities in a Chinese resident enterprise and meets certain conditions (including): (i) the Hong Kong enterprise must directly hold specified percentages of the shares and voting rights of the Chinese resident enterprise; and (ii) the Hong Kong enterprise must directly hold such specified percentages within 12 months prior to receiving the dividend, then, the income tax rate for the income tax withheld by the Chinese resident enterprise on the dividend distributed to the Hong Kong enterprise can be reduced from the standard tax rate of 10% to 5%.

According to the Circular on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (《關於執行税收協定股息條款有關問題的通知》) issued by the SAT on February 20, 2009, if the relevant Chinese tax authority determines a certain company benefits mainly from the reduced income tax rate under the tax-driven structure or arrangement as the case may be, it can adjust the preferential tax treatment. Also, if the operating activity of an applicant doesn't constitute the substantive operating activity, it may

not be identified as the "beneficial owner", and finally, the applicant will have no right to enjoy the reduced income tax rate of 5% said above according to the Arrangement for Avoidance of Dual Taxation, according to the Notice on Issues relating to "Beneficial Owners" in Tax Conventions (《關於税收協定中"受益所有人"有關問題的公告》) issued by the State Administration of Taxation on February 3, 2018 and put in effect since April 1, 2018.

Equity Incentive Plan

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which was promulgated by the SAFE on February 15, 2012 and other relevant rules, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year who participate in equity incentive plans of the same overseas listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (the "**domestic agency**") to handle issues like foreign exchange registration, account establishment, funds transfer and remittance, and entrust an overseas institution (the "**overseas trustee**") to handle issues like exercise of options, purchase and sale of corresponding stocks or equity, and transfer of corresponding funds. In addition, in the case of any significant change in the equity incentive plan of a company listed overseas (such as amendment to any key clauses of the original plan, addition of a new plan, or any other change in the original plan arising out of the merger, acquisition or reorganization of the overseas listed company or the domestic company or other major events), the domestic agency or the overseas trustee shall, within three months of the occurrence of such change, go through change registration procedures with the local office of the SAFE on the strength of a written application, the original certificate of foreign exchange registration for the equity incentive plan, a newly filled-out Foreign Exchange Registration Form and materials which demonstrate the authenticity of relevant transactions.

Regulations on Information Security and Data Protection

Personal Data

On December 28, 2021, the Cyberspace Administration of China ("**CAC**"), jointly with the other 12 governmental authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**MCR**"), which became effective from February 15, 2022. Pursuant to Article 2 of the MCR, besides the procurement of network products and services by critical information infrastructure operators, any data processing activity by network platform operators that affects or may affect national security shall be subject to the cybersecurity review. In accordance with Article 7 of the MCR, network platform operators mastering personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad (國外上市).

On May 7, 2024, our PRC data compliance adviser, Han Kun Law Offices conducted a telephonic consultation with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (the "**Center**"). The Center is authorized by the Cybersecurity Review Office of the CAC to accept public consultation and cybersecurity review submissions and is the competent authority to provide views and interpretation relating to the MCR. Our PRC data compliance adviser, Han Kun Law Offices is of the view that the staff who responded our inquiries during such consultation is the duly designated person in the Center to respond to public inquiries. According to the Center, (i) the listing in Hong Kong does not fall within the scope of "listing abroad"; and (ii) critical information infrastructure operators are identified by the governmental authorities of corresponding industry.

As of the Latest Practicable Date, (i) we have not been notified of the results of any determination that we have been identified as a critical information infrastructure operator or that any of our systems have been identified as critical information infrastructure by the relevant governmental authorities; (ii) the MCR provides no further explanation or interpretation for "online platform operator" and "list abroad", and does not stipulate that an online platform operator which intends to list in Hong Kong will be subject to cybersecurity review; (iii) Hong Kong is not a foreign country or region and does not fall within the scope of "abroad" under the MCR, and there is no specific guidance or implementation rules to indicate otherwise; (iv) the MCR provides no further explanation or interpretation for "affect or may affect national security", which remains to be clarified and elaborated by the CAC, and we have not received any notification of cybersecurity review from relevant governmental authorities due to our impact or potential impact on national security; (v) the volume of personal information we process is far less than one million; and (vi) we believe that our collection and handling of the personal information do not constitute any data processing activities that may affect national security. Therefore, as advised by our PRC data compliance adviser Han Kun Law Offices, our Directors believe that as long as there is no material change to our current business and if no further rules are introduced and no significant changes to the enforcement of the MCR by governmental authorities, cybersecurity review under the article 2 and article 7 of the MCR shall not be applicable to us.

Furthermore, based on the fact that (i) the MCR came into effect recently and its implementation and interpretation are subject to uncertainties and (ii) we have not been involved in any investigations on cybersecurity review initiated by the CAC on such basis and nor have we received any inquiry, notice, warning, or sanctions in such respect, with the support of our PRC data compliance adviser Han Kun Law Offices, we are of the view that we comply with such regulations in all material aspects and we believe such regulations would not have a material adverse impact on our business operations or our Global Offering. Considering that (a) we have not been involved in any cybersecurity review or investigation by the CAC or other authorities with respect to the MCR; (b) we have not been informed that we are recognized as a crucial information infrastructure operator by any relevant authority; (c) the data processed by us has not been included in the effective core data and important data catalogs by any authority; and (d) we have taken reasonable and adequate technical and management measures to ensure data security, we are of the view that the likelihood that our business operation or the Global Offering might give rise to national security risks is remote.

However, the MCR was released in recent years, certain provisions of which are still unclear and are subject to the finalization or clarifications by relevant authorities. As such, the PRC regulatory authorities may have broad discretion in the interpretation of "affect or may affect national security". If we were deemed as a data processor that "affects or may affect national security" by the PRC regulatory authorities under their broad discretion, we may be subject to cybersecurity review. If we fail to pass such cybersecurity review, our Listing may be impeded, our business operations may be adversely affected, and/or we may be subject to other severe penalties and/or action by the competent government authorities.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Enterprises

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") released 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》) (the "**Trial Measures**") with effect from 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 by adopting a filing-based regulatory regime. According to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC within three (3) working days after submitting the listing application documents to the overseas supervisory authorities and report relevant information.

H-share Full Circulation

"Full circulation" means listing and circulating on the 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 August 10, 2023, the CSRC issued the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (revised in 2023) (《H股公司境內未上市股份申請"全流通"業務指引(2023修訂)》) (the "**Guidelines for the Full Circulation**"). According to H-Guidelines for the Full Circulation, on the premise of complying with relevant laws and regulations of state-owned assets management, foreign investment and industry supervision, domestic unlisted shareholders can independently negotiate to determine the number and proportion of shares to be circulated, and entrust H-share companies to file with the CSRC. Shareholders of unlisted shares in China shall handle the share re-registration business in accordance with the relevant business rules of China Securities Depository and Clearing Co., Ltd. (the "**CSDC**"), handle the procedures of share registration and listing in accordance with the relevant provisions of the Hong Kong market, and disclose information in compliance with laws and regulations. H-share companies shall submit relevant reports to the CSRC within 15 days after the shares involved in the application are settled in China and registered.

On December 31, 2019, CSDC and the Shenzhen Stock Exchange ("**SZSE**") jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

The research, development, testing, manufacture and marketing of drug products are extensively regulated in the United States and the rest of the world. In the United States, drugs are subject to rigorous regulations by the FDA. The Federal Food, Drug, and Cosmetic Act ("**FD&C Act**") and other federal and state statutes and regulations govern, the research, development, testing, quality control, approval, labeling, packaging, manufacture, storage, record keeping, packaging, labeling, promotion and advertising, marketing, export and import, and distribution of pharmaceutical products. The failure to comply with the applicable regulatory requirements may subject a company to a variety of administrative or judicially-imposed sanctions and the inability to obtain or maintain required approvals or to market approved drug products.

Peptide Development Guidelines

The FDA published two new general chapters: USP1503 addressing specific quality considerations for synthetic peptide drug substances and USP1504 (Official date: December 1, 2023) providing recommendations on the minimum quality attributes for starting materials used in the manufacture of synthetic peptides. On May 19, 2021, the FDA published ANDAs for Certain Highly Purified Synthetic Peptide Drug Products That Refer to Listed Drugs of rDNA Origin Guidance for Industry Guidance. This guidance is intended to assist potential applicants in determining when an application for a synthetic peptide drug product (synthetic peptide) that refers to a previously approved peptide drug product of recombinant deoxyribonucleic acid ("**rDNA**") origin (peptide of rDNA origin) should be submitted as an abbreviated new drug application ("**ANDA**") under section 505(j) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) rather than as a new drug application ("**NDA**") under section 505(b) of the FD&C Act.

U.S. Drug Development Process

The process required by the FDA before a new drug product may be marketed in the United States generally involves the following steps.

- completion of preclinical laboratory tests, animal studies and formulation studies in accordance with Good Laboratory Practice regulations and other applicable regulations;

- submission to the FDA of an investigational new drug ("**IND**") application, which must become effective before human clinical trials may begin;

- approval by an independent institutional review board ("**IRB**") at each clinical site before each trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with Good Clinical Practice requirements to establish the safety and efficacy of the proposed drug for its intended use;

- submission to the FDA of an NDA after completion of all pivotal trials;

- satisfactory completion of an FDA advisory committee review, if applicable;

- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current GMP (cGMP) requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity, and of selected clinical investigation sites to assess compliance with GCP; and

- FDA review and approval of the NDA to permit commercial marketing of the product for particular indications for use in the United States.

Once a pharmaceutical candidate is identified for development, it enters the preclinical testing phase. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies if applicable. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information and analytical data, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The sponsor will also include a protocol detailing, among other things, the objectives of the first phase of the clinical trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated, if the first phase lends itself to an efficacy evaluation. Some preclinical testing may continue even after the IND is submitted. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Clinical holds also may be imposed by the FDA at any time before or during clinical trials due to safety concerns about ongoing or proposed clinical trials or non-compliance with specific FDA requirements, and the trials may not begin or continue until the FDA notifies the sponsor that the hold has been lifted. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

Once an innovator new drug product is approved, after any applicable market exclusivities and listed patents (discussed elsewhere) are no longer impediments to generic drugs, there is generally a possibility for competitors to seek approval of an ANDA that relies

upon the innovator NDA approval. The ANDA development process is generally less time-consuming and complex than the NDA development process. It typically does not require new preclinical and clinical studies, because it relies on the studies establishing safety and efficacy conducted for an innovator products (referred to as a "**Reference Listed Drug**") previously approved through the NDA process. The ANDA process, however, does often require one or more bioequivalence studies to show that the ANDA drug is bioequivalent to the previously approved reference listed brand drug. Bioequivalence studies compare the bioavailability of the proposed drug product with that of the RLD product containing the same active ingredient. Bioavailability is a measure of the rate and extent to which the active ingredient or active moiety is absorbed from a drug product and becomes available at the site of action. Thus, a demonstration of bioequivalence confirms the absence of a significant difference between the proposed product and the reference listed brand drug in terms of the rate and extent to which the active ingredient or active moiety becomes available at the site of drug action when administered at the same molar dose under similar conditions. An ANDA also typically must show that the proposed generic drug is the same as the RLD in terms of active ingredient(s), strength, dosage form, route of administration and labeling. Establishing the sameness of complex active ingredients, such as complex peptide products, may require extensive characterization testing or, if not amenable to chemical characterization methods, potentially nonclinical (animal) or clinical testing.

In addition to the ANDA process, there are pathways that allow for modified new drug products (e.g., changes in formulation, new indications) which rely on prior FDA determinations. This process – generally referred to as the 505(b)(2) pathway – can substantially reduce the burdens on the development of new products, and allow innovation that the ANDA process generally does not afford. As with the ANDA process, market exclusivities and patient protections may delay availability of this pathway as discussed elsewhere. For both ANDA and 505(b)(2) NDA submissions, FDA may require preapproval inspections, just as it does with original NDAs.

Both NDAs and ANDAs contain not only data and various administrative information, but detailed information on CMC describing manufacturing processes for the drug product and its components, such as APIs, and the various controls in place, including but not limited to analytical testing, that ensure the identity, quality, purity, and strength of the finished drug product for which approval is sought.

Drug substances, as they are not finished drug products, do not receive independent approval from FDA, but API manufacturers may submit DMFs. These files are not approved by FDA, but may be referenced by NDA or ANDA holders seeking approval of a new drug product which incorporates an API. FDA may review information the API in the context of an NDA or ANDA review.

NDA Review and Approval Process

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, preclinical and other nonclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labeling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the product. The submission of an A/NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. Additionally, no user fees are assessed on NDAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and if the CMC for manufacturing are adequate to assure and preserve the product's identity, strength, quality and purity. Under the Prescription Drug User Fee Act ("**PDUFA**") guidelines that are currently in effect, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to FDA because the FDA has approximately two months to make a "filing" decision after the application is submitted. The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review The FDA may request additional information rather than accept an NDA for filing, in which case the NDA must be resubmitted with the additional information. Any resubmitted application is also subject to review before the FDA accepts it for filing.

Before approving an NDA, the FDA will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA may inspect one or more clinical trial sites to assure compliance with GCP requirements. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates an NDA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes the specific deficiencies in the NDA identified by the FDA and may require additional clinical data, such as an additional pivotal Phase 3 trial or other significant and time-consuming requirements related to clinical trials, nonclinical studies or manufacturing. If a Complete Response Letter is issued, the sponsor

must resubmit the NDA or, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. In addition, the FDA may require a sponsor to conduct Phase 4 testing, which involves clinical trials designed to further assess drug safety and effectiveness after NDA approval, and may require testing and surveillance programs to monitor the safety of approved products which have been commercialized. The FDA may also place other conditions on approval including the requirement for a risk evaluation and mitigation strategy ("**REMS**") to assure the safe use of the drug. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS. The FDA will not approve the NDA 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. Marketing approval may be withdrawn for non-compliance with regulatory requirements or if problems occur following initial marketing.

Post-Approval Requirements

Any products manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA such as requirements related to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, many changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval based on submission of a prior approval supplement, or a changes being effected submission that can go into effect after a designated period of time if FDA does not object. More minor change may be made through updates in annual reports to FDA. There are also continuing, annual program fees for any marketed products. Drug manufacturers and their subcontractors 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, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. With respect to state regulation, manufacturers may be required to be licensed by a state Board of Pharmacy or other regulatory body in the state where they manufacture products, and in states where their products are distributed. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon the manufacturer and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

The FDA may suspend or withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market, or if material inaccuracies are identified in an application after approval. Later discovery of previously unknown problems with a product, 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 studies to assess new safety risks, or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences may include the following, among others.

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters, or untitled letters;
- clinical holds on clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunction or the imposition of civil or criminal penalties.

In addition, the FDA closely regulates the marketing, labeling, advertising and promotion of drug products. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and imposition of civil and/or criminal penalties.

Environmental, Safety and Health Regulations

All manufacturing facilities in the United States are subject to regulation under federal, state and local laws relating to hazard communication and employee right-to-know regulations, and the safety and health of employees in accordance with the Occupational Safety and Health Act of 1970 ("**OSHA**") as administered by the Occupational Safety and Health Administration within the United States Department of Labor. The United States Occupational Safety and Health Administration has established extensive regulations relating to workplace safety for employees, including but not limited to, work practice controls, protective clothing and equipment, training, medical follow-up, vaccinations and other measures designed to minimize exposure to chemicals, and transmission of blood-borne and airborne pathogens. Furthermore, certain employees must receive initial and periodic training to ensure compliance with applicable hazardous materials regulations and health and safety guidelines. Our United States facilities are subject to applicable federal and state laws and regulations and licensing requirements relating to the handling, storage and disposal of hazardous waste, radioactive materials and laboratory specimens, including the regulations of the United States Environmental Protection Agency, Nuclear Regulatory Commission, Department of Transportation, National Fire Protection Agency and Drug Enforcement Administration.

Privacy and Security

Under the administrative simplification provisions of the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, the Department of Health and Human Services, or HHS issued regulations that establish uniform standards governing the conduct of certain electronic healthcare transactions and requirements for protecting the privacy and security of protected health information, or PHI, used or disclosed by covered entities. Covered entities and their business associates (and their covered subcontractors) are subject to HIPAA and HITECH.

HIPAA and HITECH include privacy and security rules, breach notification requirements and electronic transaction standards. The HIPAA Privacy Rule generally prohibits the use or disclosure of PHI except as permitted under the rule. The rule also sets forth individual patient rights, such as the right to access or amend certain records containing his or her PHI, or to request restrictions on the use or disclosure of his or her PHI. The HIPAA Security Rule requires those subject to HIPAA to safeguard the confidentiality, integrity, and availability of electronically transmitted or stored PHI by implementing administrative, physical and technical safeguards. Under HITECH's breach notification rule, a covered entity must notify individuals, the Secretary of the HHS, and in some circumstances, the media of breaches of unsecured PHI.

If found to be in violation of HIPAA as the result of a breach of unsecured PHI, a complaint about their privacy practices or an audit by HHS, entities may be subject to significant civil and criminal fines and penalties and/or additional reporting and oversight obligations if such entities are required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance.

State laws may be more stringent, broader in scope or offer greater individual rights with respect to health-related information or other personal information than HIPAA. California, for example, has enacted the Confidentiality of Medical Information Act, or the CMIA, which sets forth standards in addition to HIPAA and HITECH with which all California health care providers like us must abide. In addition, the California Consumer Privacy Act, or the CCPA, was signed into law on June 28, 2018, and went into effect January 1, 2020. The CCPA contains new disclosure obligations (among other things) for covered businesses that collect personal information about California residents and affords those individuals new rights relating to their personal information that may affect our ability to use personal information. The CCPA authorizes private lawsuits to recover statutory damages for certain data breaches. Although the CCPA exempts health related information regulated by HIPAA or the CMIA and certain data regarding clinical trials, the CCPA, to the extent applicable to our business and operations, may increase compliance costs and potential liability with respect to other personal information we maintain about California residents. Furthermore, the California Privacy Rights Act of 2020, or the CPRA, amended the CCPA and added new additional privacy protections that began on January 1, 2023. The CPRA will (among other things) give California residents the ability to limit use of certain sensitive personal information, establish restrictions on the retention of personal information, expand the types of data breaches subject to the CCPA's private right of action, and establish a new California Privacy Protection Agency to implement and enforce the new law. Other states in the United States have also enacted data privacy laws. For example, Virginia recently passed its Consumer Data Protection Act, and Colorado recently passed the Colorado Privacy Act, both of which differ from the CPRA and became effective in 2023. Additionally, U.S. federal and state consumer protection laws may, among other things, require us to publish statements that accurately and fairly describe how we handle personal information and choices individuals may have about the way we handle their personal information. Complying with these various state laws and regulations, which may differ from state to state, requires significant resources and may complicate our compliance efforts. Penalties for violation of any of these laws and regulations may include sanctions against a laboratory's licensure, as well as civil and/or criminal penalties.

The U.S. regulatory framework for privacy, data security and data transfers is rapidly evolving, and there has been an increasing focus on privacy and data protection issues. As a result, interpretation and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future.

OTHER FOREIGN REGULATIONS

In order to market any product outside of the United States, we would need to comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we would need to obtain the necessary approvals by the comparable foreign regulatory authorities before we can commence clinical trials or marketing of the product in foreign countries and jurisdictions. Although many of the issues discussed above with respect to the United States apply similarly in the context of the European Union (EU) the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods.

The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

To market a medicinal product in the European Economic Area ("**EEA**") (which is comprised of the 28 Member States of the EU plus Norway, Iceland and Liechtenstein), we must obtain a Marketing Authorization ("**MA**"). There are two types of marketing authorizations as described below.

- Community MAs, which are issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use of the EMA and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced therapy products, and medicinal products containing a new active substance indicated for the treatment certain diseases, such as AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU; and

- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member State through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure.

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

In the EEA, new products authorized for marketing, or reference products, qualify for eight years of data exclusivity and an additional two years of market exclusivity upon marketing authorization. The data exclusivity period prevents generic or biosimilar applicants from relying on the preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization in the EU during a period of eight years from the date on which the reference product was first authorized in the EU. The market exclusivity period prevents a successful generic or biosimilar applicant from commercializing its product in the EU until 10 years have elapsed from the initial authorization of the reference product in the EU. The 10-year market exclusivity period can be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

Clinical trials of medicinal products in the European Union must be conducted in accordance with European Union and national regulations and the International Conference on Harmonization ("**ICH**") guidelines on GCPs. Additional GCP guidelines from the European Commission, focusing in particular on traceability, apply to clinical trials of advanced therapy medicinal products. If the sponsor of the clinical trial is not established within the European Union, it must appoint an entity within the European Union to act as its legal representative. The sponsor must take out a clinical trial insurance policy, and in most EU countries, the sponsor is liable to provide 'no fault' compensation to any study subject injured in the clinical trial. On October 18, 2023, EMA published a guidance on the Development and Manufacture of Synthetic Peptides for public consultation to cover synthetic peptides with more than 4 amino acids.

Prior to commencing a clinical trial, the sponsor must obtain a clinical trial authorization from the competent authority, and a positive opinion from an independent ethics committee. The application for a clinical trial authorization must include, among other things, a copy of the trial protocol and an investigational medicinal product dossier containing information about the manufacture and quality of the medicinal product under investigation. Currently, clinical trial authorization applications must be submitted to the competent authority in each EU Member State in which the trial will be conducted. Under the new Regulation on Clinical Trials, which is currently expected to take effect in 2019, there will be a centralized application procedure where one national authority takes the lead in reviewing the application and the other national authorities have only a limited involvement. Any substantial changes to the trial protocol or other information submitted with the clinical trial applications must be notified to or approved by the relevant competent authorities and ethics committees. Medicines used in clinical trials must be manufactured in accordance with cGMP. Other national and European Union-wide regulatory requirements also apply.

Laws and Regulations concerning International Trade

The summary below addresses key U.S. legal and regulatory issues associated with international trade. Our cross-border operations include the importation of goods into the United States and the exportation of goods from the United States. As a result, our business requires compliance with tariffs and other import controls, antidumping rules and regulations, export controls, U.S. economic and other sanctions programs, and anti-bribery laws and regulations.

Importation of Goods into the United States

Importation of goods into the customs territory of the United States is governed principally by the Tariff Act of 1930, as amended, the Customs Modernization Act of 1983, and the regulations of U.S. Customs and Border Protection ("**CBP**").

Under these laws and regulations, U.S. importers have primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise "reasonable care" in entering merchandise into the United States. This includes when providing to CBP information and documentation necessary for it to assess duties on imported merchandise, collect accurate import statistics, and determine whether an import complies with applicable laws.

Civil penalties may be assessed against any person who uses false or misleading statements to enter goods into the United States. In determining the applicable penalty for such a wrongdoing, CBP first determines the applicable degree of culpability of the offending party. In general, higher penalties are assigned to more egregious offenses, which are classified according to degree of culpability as due to negligence, gross negligence, or fraud. CBP considers that a violation is a result of negligence "if it results from failure to exercise reasonable care and competence: (a) to ensure that statements made and information provided in connection with the importation of merchandise are complete and accurate; or (b) to perform any material act required by statute or regulation." Gross negligence and fraud are found in more egregious cases where circumstances indicate more than a lack of due care. Gross negligence is assigned where CBP finds a violation done "with actual knowledge of or wanton disregard for the relevant facts and with indifference to or disregard for the offender's obligations under the statute." Fraud is assigned where the act was "committed (or omitted) knowingly, i.e. was done voluntarily and intentionally, as established by clear and convincing evidence." Where false statements affect the assessment of duties on imports, the statutory maximum civil monetary penalties vary depending on whether the violation is due to fraud, negligence, or gross negligence.

In addition to regulating the process of importation into the United States, CBP is charged with enforcing the import and export-related regulations of approximately 40 other U.S. federal agencies. Each such agency promulgates regulations governing importation of the products

under their jurisdiction. CBP is charged with ensuring that imports (and exports) comply with those regulations and is authorized, in many cases, to effect seizures, forfeitures, and rejection of entry of non-conforming goods.

Antidumping Laws and Regulations

U.S. federal antidumping laws and regulations prohibit unfair global competition by prohibiting non-U.S. entities from selling products in the U.S. for unreasonably low prices. The usual test is whether the goods are being sold in the U.S. for less than they are sold for in the home market. If a company is found to be violating antidumping regulations, U.S. customs can impose additional duties on the imported goods.

Tariffs

The United States imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the United States, agencies involved in international trade regulation include the CBP, the U.S. International Trade Commission ("**ITC**"), and the Office of the U.S. Trade Representative ("**USTR**"). CBP is responsible for collecting tariffs on goods imported to the United States during the customs clearance process. The ITC is a quasi-judicial agency that administers U.S. laws governing trade remedies and provides analysis, information, and other support concerning tariffs and other international trade matters for the President, U.S. Congress, and the USTR. The ITC also investigates alleged violations of U.S. trade law, including unfair trade practices under Section 337 of the Tariff Act of 1930, illegal foreign financial subsidies, and violations, and Section 201 of the Trade Act of 1974 (imports of goods into the U.S. at an increased quantity that is a substantial cause of serious injury to a U.S. domestic industry). The USTR is a cabinet-level position within the office of the President of the United States, and serves as the President's principal adviser, negotiator, and spokesperson regarding matters of international trade.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 ("**Section 301**"), including without limitation the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, following a USTR investigation and report, the United States imposed tariffs on certain imported goods of Chinese origin. Section 301 tariffs are assessed and collected in addition to any other duties that may apply (including, without limitation, antidumping duties). Both the United States and China have brought claims against one another before the World Trade Organization in connection with this trade dispute.

Recently, the United States announced broad tariffs on imports from all countries, comprising a 10% baseline tariff and varying reciprocal tariffs on certain trade partners, including a 125% tariff for most goods from China. Other countries, including China, announced retaliatory actions or plans for retaliatory actions. On April 9, 2025, the United States implemented a 90-day pause on the varying reciprocal tariffs except for those on Chinese goods, leaving the 10% baseline tariff in place. On May 12, 2025, China and the

United States jointly announced a 90-day suspension of certain of their trade restrictions, so that the United States will impose tariffs of 30% on most Chinese imports during this period, while China will impose tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period.

Export Controls

The U.S. prohibits the export of controlled goods, services, and information through two primary sets of laws. The International Traffic in Arms Regulations ("**ITAR**") were created by the Arms Export Control Act of 1976. ITAR-controlled exports are regulated by the U.S. State Department. A separate set of export controls is administered by the U.S. Department of Commerce under the Export Administration Regulations ("**EAR**").

Both ITAR and EAR govern "exports" which are broadly defined to be a transfer of (a) something that is controlled, (b) from a U.S. person, (c) to a non-U.S. person. Controlled transfers include physical products, services, and technology. U.S. persons are defined as U.S. citizens and lawful permanent residents along with companies incorporated in one or more U.S. states. Non-U.S. persons are any individual, company, government, or other entity that does not meet the definition of a U.S. person.

Exports subject to control under ITAR and EAR can be made by the physical transfer of goods, or by visual, oral, or electronic transmission. Transfers of goods or information that take place within the borders of the United States can still be subject to export control laws if the transfer is to a non-U.S. person.

In order to legally export controlled goods, services, or information, the proposed exporter must register with the State Department or Commerce Department and then obtain a license prior to initiating the export. Penalties for non-compliance with U.S. export control laws can be both civil and criminal and include substantial monetary fines.

Economic Sanctions

The U.S. imposes various economic sanctions against targeted countries, groups, and individuals (collectively, the "**U.S. Sanctions Programs**"). Each sanctions program is authorized under either the International Emergency Economic Powers Act ("**IEEPA**") or the Trading with the Enemy Act of 1917 ("**TWEA**"). Most are administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), while aspects of certain sanctions programs are administered by the U.S. Department of State. Export-related aspects of restrictions against certain countries are also under the jurisdiction of the EAR and administered by the Department of Commerce.

The U.S. Sanctions Programs include both comprehensive trade restrictions, i.e. embargoes, against countries or regimes, and selective sanctions measures, depending on foreign policy and national security objectives sought to be achieved through sanctions. In

some cases, sanctions are directed against designated groups or individuals, including terrorist organizations, narcotics traffickers, weapons proliferators, and others, and include blocking and asset freeze requirements related to sanctioned parties.

The U.S. maintains comprehensive embargoes against certain nations and areas including Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine. Persons subject to U.S. sanctions are prohibited from most transactions involving these countries, including exports, imports, sales, services, and financial transactions that pertain to the sanctioned county or persons in the sanctioned country. In addition, the U.S. Sanctions Programs against these countries include blocking provisions that prohibit U.S. persons from dealing in any property or property interest of certain designated persons or entities in each country.

In general, the comprehensive sanctions programs apply only to "U.S. Persons." This is defined to include "any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States." However, in recent years, OFAC, the President, and the U.S. Congress have adopted measures to extend the reach of U.S. sanctions beyond just U.S. persons and borders. This has been accomplished by targeting foreign sanctions evaders and transactions that seek to evade or avoid, cause a violation of, or attempt to violate the sanctions, and conspiracies formed for those purposes. In addition, the Cuban and parts of the Iranian sanctions programs apply to non-U.S. subsidiaries of U.S. persons (i.e., entities owned or controlled by a United States person and established under the laws of another nation or maintained outside the United States).

In addition to the comprehensive sanctions programs, the U.S. maintains "list-based" sanctions programs against targeted regimes, entities and individuals that have been found to have taken actions contrary to the foreign policy or national security interests of the United States.

In the United States, there are three primary sanctions lists that are maintained by OFAC. The most extensive is the List of Specially Designated Nationals and Blocked Persons (the "**OFAC SDN List**"). The OFAC SDN List comprises persons and entities whose property or interests in property are required to be blocked or "frozen" if in the U.S. or under U.S. jurisdiction. OFAC is authorized to direct persons subject to U.S. jurisdiction to block or freeze property in which a sanctions target (i.e., an SDN) has an interest, however remote. Consequently, U.S. Persons are prohibited from virtually all transactions with SDNs or their property (absent OFAC authorization).

Penalties for violations of the U.S. Sanctions Programs are prescribed under IEEPA. They include civil penalties and criminal penalties up to US$1 million per violation and imprisonment of up to 20 years.

The Foreign Corrupt Practices Act and Other Anti-Bribery Laws

The U.S. federal Foreign Corrupt Practices Act ("**FCPA**") includes two key elements:

- *Anti-bribery provisions*. A person may not give or offer money, gifts, or anything of value to a foreign government official to obtain or retain business.

- *Accounting requirements*. Companies must maintain accurate books and records and adequate internal accounting controls to avoid disguising corrupt payments. The U.S. Department of Justice and Securities and Exchange Commission enforce the FCPA. This Note focuses on the FCPA's anti-bribery provisions.

The FCPA applies to two broad categories of persons: those with formal ties to the US and those who take action in furtherance of a violation while in the U.S. Recently, foreign companies in both categories have been the focus of an increasing number of enforcement actions.

In addition to the FCPA, U.S. state criminal laws generally prohibit bribery of government officials and private commercial actors.

Tax Law

Federal Government

The U.S. federal government can levy a variety of taxes on U.S. businesses, non-U.S. businesses engaging in certain activities in the United States, and business owners and their employees. Our business activities in the U.S. require us to pay U.S. federal income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations, and other taxes.

Federal and state tax laws are subject to change. For example, U.S. President's administration has proposed several changes to federal taxation of corporations, including multinational corporations, and parts of the proposal are working their way through the legislative process. Changes to federal and state taxation adopted into law after the date of this prospectus could be material to our business. Our subsidiaries in the U.S. were subject to the federal corporate income tax rate of 21% during the Track Record Period.

State and Local Governments

In addition to the federal government, the 50 U.S. states and their political subdivisions play an important role in taxing and regulating business activity within their respective jurisdictions. For example, our business activities within a U.S. state may be subject to the state's business and personal income tax, payroll tax, sales tax, real and personal property tax,

franchise tax, withholding obligations, and other taxes. In addition, some local governments, such as counties and cities, may impose their own similar taxes. Our subsidiaries in the U.S. were subject to applicable state tax rates during the Track Record Period.

Registration and Regulation

There is no such thing as a "U.S. corporation." Instead, corporations in the United States are registered and organized in one of the 50 states. In addition to its legal formation in a particular state, a corporation that does business in more than one state may need to qualify or register to do business in other states if the corporation's activities establish "minimum contacts" for tax purposes in those states.

Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.

Transfer Pricing Rules

The U.S. federal government requires related parties to transact with each other using arm's length pricing. In effect, this prohibits multinationals from avoiding income tax on U.S.-generated profits by overcharging their U.S. subsidiaries for foreign-made products. In the event that this occurs, U.S. federal tax authorities will "readjust" the prices charged by the non-U.S. entity to its wholly owned U.S. subsidiary.

Proposed BIOSECURE Act

On December 20, 2023, the U.S. Senate published proposed legislation to prohibit federal contracting with certain biotechnology providers connected to foreign adversaries, commonly referred to as the BIOSECURE Act. On March 6, 2024, the version of the legislation proposed by the U.S. Senate was advanced to the full U.S. Senate. On January 24, 2024, the U.S. House of Representatives proposed an analogous version of such legislation (the "**House version**"), which was advanced to the full U.S. House of Representatives on May 15, 2024. On September 9, 2024, the U.S. House of Representatives passed the BIOSECURE Act. The BIOSECURE Act, if enacted in the proposed form, would prohibit the U.S. government from procuring biotechnology equipment or services from so-called "biotechnology companies of concern." The BIOSECURE Act, if enacted in the proposed form, would also prohibit U.S. federal loans and grants to, and federal contracts (including contract extensions and renewals) with, any entity that uses biotechnology equipment or services from one of these "biotechnology companies of concern." The most recent House version of the legislation names five specific Chinese biotech companies as "biotechnology companies of concern," and gives the U.S. government the authority to identify other entities for inclusion as "biotechnology companies of concern," specifically any entity that is subject to the control or jurisdiction or acts on behalf of a "foreign adversary" (defined by law to be China, Iran, North Korea, and Russia), provided that the entity is involved in the manufacturing, distribution, provision, or procurement of a

biotechnology equipment or service, and poses a risk to the national security of the U.S., based on: (i) engaging in joint research with, being supported by, or being affiliated with a foreign adversary's military, internal security forces, or intelligence agencies; (ii) providing multiomic data obtained via biotechnology equipment or services to the government of a foreign adversary; or (iii) obtaining human multiomic data via the biotechnology equipment or services without express and informed consent. The most recent House version of the legislation would delay the application of the BIOSECURE Act's provisions (i) until January 1, 2032, with respect to biotechnology equipment or services provided or produced by one of the named biotechnology companies of concern under a contract or agreement entered before the effective date of the legislation; and (ii) for a period of five years after the identification of new biotechnology companies of concern, with respect to biotechnology equipment and services provided or produced by an entity that the government identifies in the future as a biotechnology company of concern.

As of the Latest Practicable Date, we believe that the risk of our operations being affected by the proposed BIOSECURE Act is low because we have not been named as a "biotechnology companies of concern" as defined in the proposed BIOSECURE Act.

OVERVIEW

Our history dates back to 2001 when Chinese Peptide was established in the PRC by Dr. Li Xiang, our executive Director. Our Controlling Shareholders, Dr. Xu and Ms. Li, joined Chinese Peptide in 2003 and 2005, respectively. Dr. Xu and Ms. Li co-founded our Company in June 2020 to acquire Chinese Peptide. For details about historical shareholding changes of Chinese Peptide and our Company, see "—Corporate Development and Major Shareholding Changes" in this section. For the biography of Dr. Xu, Dr. Li Xiang and Ms. Li, see the section headed "Directors, Supervisors and Senior Management."

After more than two decades of development, we have become the third largest peptide-focused CRDMO worldwide in terms of sales revenue in 2023, according to Frost & Sullivan. We are also one of the most comprehensive peptide-focused CRDMO globally, according to Frost & Sullivan, offering full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. For details, see the section headed "Business."

MILESTONES

The following table summarizes the key development milestones of our Group:

Time	Milestone
2001	Chinese Peptide (中肽生化) was established in the PRC in August 2001.
2004	Our research center was named as the "Zhejiang Province High-Tech Development Center (省級高新技術企業研究開發中心)" by Science Technology Department of Zhejiang (浙江省科學技術廳).
2005	CPC Scientific, Inc. was established in Delaware, the United States.
2006	We successfully passed NMPA GMP inspection.
2009	We obtained the ISO13485:2003 quality management system certification. Our first API for generic drug LEUPROLIDE ACETATE was successfully used to obtain regulatory approvals from the NMPA.
2011-2016	We have successfully passed four consecutive FDA inspections without any Form 483 observations, indicating our full compliance with FDA regulatory standards and guidance.

Time	Milestone
2018	We successfully passed the GMP inspection of EMA.
	We were named as "2018 Zhejiang Provincial International Science and Technology Cooperation Base (2018年度浙江省級國際科技合作基地)" by Science Technology Department of Zhejiang (浙江省科學技術廳).
2019	We successfully passed the GMP inspection of Ministry of Food and Drug Safety of Korea (MFDS).
2020	Medtide Inc. was established.
	We supported our client in obtaining a conditional marketing authorization for a first-in-class peptide drug from the EMA.
2021	We officially initiated oligonucleotide CDMO operation.
2022	We acquired a site to construct our production facility in Rocklin, California, to provide GMP production services for peptide APIs, and to establish a global supply chain to support our customers worldwide.
2023	We successfully passed NMPA registration inspection and GMP inspection.
	We were recognized as a "specialized, refined, and innovative" small and medium-sized enterprise in Zhejiang Province (浙江省專精特新中小企業).
2024	We obtained the GMP certificate issued by the TGA.
	We were approved to establish a national postdoctoral research site (博士後科研工作站).
	We successfully passed the fifth FDA on-site GMP inspection, indicating our continuous full compliance with FDA regulatory standards and guidance.
	We were rated as a High-growth Company in the Biopharmaceutical Industry of Zhejiang Province (浙江省生物醫藥產業高成長型企業).
	We were also rated as a National-level Specialized, Excellent, Featured and Innovative "Little Giant" Company (國家級專精特新"小巨人"企業).
2025	We obtained marketing approval for Goserelin Acetate APIs.

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had six subsidiaries. Details of each of our subsidiaries are set out below:

Name of subsidiary	Place of incorporation	Date of incorporation and commencement of business	Principal business	Shareholding controlled by our Company
Chinese Peptide	PRC	August 27, 2001	R&D, manufacturing and sales of products	100%
CPC Scientific, Inc.	Delaware, the United States	April 27, 2005	Business development and sales of products and services	100%
Incalinia Inc.	Delaware, the United States	January 2, 2013	Investment holding	100%
Gaodi Investment	PRC	January 29, 2014	Investment holding	100%
ACAPBIO Limited	Hong Kong	August 11, 2014	Import and export of goods and trading	100%
Yuanxi Pharmaceutical	PRC	December 25, 2020	Research and development and production of products	100%

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment and Development of Chinese Peptide

Chinese Peptide, our principal subsidiary, was established in the PRC on August 27, 2001 with a registered capital of US$1.23 million, which was founded by UCPharm Company Ltd., a company wholly-owned by Dr. Li Xiang at the relevant time; and American Peptide Company, a company co-founded by Dr. Li Xiang, respectively.

In August 2012, after a series of shareholding changes of Chinese Peptide since its establishment, Dr. Li Xiang transferred US$1,397,900 of the registered capital of Chinese Peptide (representing 15.32% of the equity interests in Chinese Peptide at the time) to Hangzhou Haidongqing Technology Co., Ltd.* (杭州海東清科技有限公司, "**Hangzhou Haidongqing**"), a company wholly-owned by his sister, Ms. Li, at the consideration of US$5,000.

In September 2012, Dr. Xu, the then general manager of Chinese Peptide, subscribed for increased registered capital of Chinese Peptide of US$1,054,700 (representing 9.66% of the equity interests in Chinese Peptide), at a consideration of US$1,054,700, through Senhai Medical (as defined below), an investment holding company wholly-owned by Dr. Xu.

After completion of several rounds of share transfers and capital injections and immediately prior to the 2015 Xinbang Acquisition (as defined below), Chinese Peptide was held by the following shareholders (the "**Former Chinese Peptide Shareholders**"):

Former Chinese Peptide Shareholders	Registered capital subscribed	Corresponding equity interest in Chinese Peptide
	(US$)	*(%)*
UCPharm Company Limited[(1)]	4,906,594	37.3786
Qikang International[(2)]	3,258,990	24.8271
Hangzhou Haidongqing	1,397,900	10.6492
Senhai Medical[(2)]	1,054,700	8.0347
Healthy Angel[(2)]	892,070	6.7958
Guizhou Guian New District Jinyu Investment Center (Limited Partnership)* ((貴州貴安新區金域投資中心(有限合夥), "**Jinyu Investment**"))[(3)]	984,506	7.5000
Super Glory Enterprise Limited (超鴻企業有限公司, "**Super Glory**")[(4)]	327,500	2.4949
Jiaxing Kangde Investment Partnership (Limited Partnership)* (嘉興康德投資合夥企業(有限合夥), "**Jiaxing Kangde**"))[(2)(5)]	260,790	1.9867
Beijing Intetaike Technology Co., Ltd.* (北京英特泰克科技有限公司, "**Beijing Intetaike**")[(5)]	43,700	0.3329
Total	**13,126,750**	**100.0000**

Notes:

(1) UCPharm Company Limited ("**UCPharm**") is a company incorporated in Hong Kong. As of December 2024 and up to the Latest Practicable Date, UCPharm was wholly owned by Dr. Li Xiang.

(2) As of April 2015, each of Qikang International, Healthy Angel and Hangzhou Senhai Medical Technology Consultation Co., Ltd.* (杭州森海醫藥技術諮詢有限公司, "**Senhai Medical**", currently known as Hangzhou Chaohong Medical Technology Consultation Co., Ltd.* (杭州超鴻醫藥技術諮詢有限公司)), was wholly owned by Dr. Xu. In anticipation of the proposed 2015 Xinbang Acquisition, in April 2015, Dr. Xu acquired 24.8271% and 6.7958% of the registered capital of Chinese Peptide through Qikang International and Healthy Angel, respectively, from its then shareholders, which are financial investors and Independent Third Parties, at a total

consideration of RMB379,480,000. The consideration was determined based on arm's-length negotiation among the parties, considering (i) the consideration will be fully settled by cash, instead of Xinbang Consideration Shares (as defined below), for which the holders of the Xinbang Consideration Shares were subject to a lock-up period of 36 months since the listing of Xinbang Consideration Shares and the price and trading volume of which would be subject to volatility in A shares market; (ii) consideration paid by such financial investors for the investment in Chinese Peptide; (iii) the business performance of Chinese Peptide in the previous year; and (iv) the market conditions at the relevant time.

(3) Jinyu Investment was a limited liability partnership established in the PRC, and was deregistered in July 2020. In April 2015, UCPharm transferred 7.5% of the registered capital of Chinese Peptide to Jinyu Investment, at a consideration of RMB150 million, which was determined based on arm's-length negotiation among the parties. Jinyu Investment was held by An Huailue, who was a director of Xinbang at the relevant time and Kong Lingzhong, who has been director of Xinbang since May 2014. Prior to the 2015 Xinbang Acquisition, Jinyu Investment held approximately 7.57% equity interests in Xinbang, and An Huailue held approximately 3.89% equity interests in Xinbang. Each of An Huailue and Kong Lingzhong is an Independent Third Party of the Company.

(4) As of April 2015, Super Glory was held by three then employees of Chinese Peptide, each holding 33.33% interests therein. Among the three then employees, as of the Latest Practicable Date, Tong Xiaohe is a current employee of the Company, Zhang Puwen is a consultant of the Company, and the other individual is no longer an employee of the Group and is an Independent Third Party.

(5) As of April 2015, Jiaxing Kangde was held by Dr. Xu as to 99% as its general partner and Ms. Cheng Tao as to 1% as its limited partner. Beijing Intetaike was wholly-owned by Ms. Cheng Tao.

(2) 2015 Xinbang Acquisition

(i) Background: With a view to enriching and improving Xinbang's business modules and leveraging the synergistic development advantages of its platform, while providing a financing platform to Chinese Peptide, Xinbang proposed to acquire the entire equity interests in Chinese Peptide from the Former Chinese Peptide Shareholders in April 2015 at a total consideration of RMB2 billion (the "**2015 Xinbang Acquisition**"). Prior to the 2015 Xinbang Acquisition, the business of Chinese Peptide comprised of the peptide business and in vitro diagnostic reagent business. Xinbang is a company listed on the Shenzhen Stock Exchange (stock code: 002390.SZ) and principally engaged in the traditional Chinese medicine (TCM) manufacturing and sales of TCM pharmaceutical and the provision of medical services at the time. Save for the relationship with Jinyu Investment, a minority shareholder of Chinese Peptide as explained above, Xinbang was independent of our Group prior to the 2015 Xinbang Acquisition.

(ii) Consideration: The consideration of RMB2 billion was settled (a) as to approximately 90%, by the issuance and allotment of a total of 232,202,577 new shares of Xinbang (the "**Xinbang Consideration Shares**"), representing approximately 13.55% of its total enlarged issued share capital, at an issue price of RMB7.75 per share to the Former Chinese Peptide Shareholders (except for Senhai Medical and Jiaxing Kangde), and (b) as to approximately 10%, by cash payment of RMB200,428,000 to Senhai Medical and Jiaxing Kangde.

The issue price of the Xinbang Consideration Shares was determined with reference to 90% of the average trading price of Xinbang's shares on the A shares market over the 60 trading days prior to the benchmark date of April 28, 2015, as adjusted by Xinbang's subsequent dividend declaration and capital restructuring.

(iii) Basis of consideration: The consideration of the 2015 Xinbang Acquisition was determined after arm's-length negotiation between the parties, based on the appraised value of RMB2 billion of Chinese Peptide pursuant to an asset appraisal report issued by an independent third-party appraisal institution with qualifications in securities and futures valuation in the PRC (the "**2015 Valuation Report**"). According to the 2015 Valuation Report, as of March 31, 2015, the valuation benchmark date of 2015 Valuation Report, the appraised value of Chinese Peptide, including its peptide and in vitro diagnostic reagent businesses, was RMB2 billion, determined using the income approach (收益法), and the then audited net assets of Chinese Peptide was approximately RMB241.8 million. The valuer of the 2015 Valuation Report considered, among others, (i) the strong business relationships between Chinese Peptide and leading multinational pharmaceutical companies established through years of development; (ii) Chinese Peptide's significant R&D and production experience accumulated more than a decade since entering the peptide product field in 2001; (iii) between 2011 and 2014, Chinese Peptide has passed FDA inspections three times with nil deficiency; and (iv) the large potential market for the in vitro diagnostic reagent business at the time of the 2015 Xinbang Acquisition.

In addition, in the determination of the consideration of the 2015 Xinbang Acquisition, the parties also took into consideration the facts that (a) approximately 90% of the consideration of the 2015 Xinbang Acquisition were to be settled by the issuance and allotment of Xinbang Consideration Shares, for which the holders of such shares were subject to a lock-up period of 36 months since the listing of Xinbang Consideration Shares and the price and trading volume of which would be subject to volatility of Xinbang's shares that are publicly traded in the A shares market during such lock-up period and prior to the disposal of the Xinbang Consideration Shares by the relevant seller; (b) each of the Former Chinese Peptide Shareholders provided performance guarantee in respect of Chinese Peptide to Xinbang; and (c) the business synergy which might be brought to Chinese Peptide and Xinbang through the 2015 Xinbang Acquisition.

(iv) Completion of the 2015 Xinbang Acquisition: As disclosed by Xinbang, the 2015 Xinbang Acquisition was duly approved by its shareholders and the CSRC in June 2015 and December 2015, respectively. Upon completion of the 2015 Xinbang Acquisition in December 2015, (1) Chinese Peptide and its subsidiaries became wholly owned by Xinbang; (2) each of Dr. Xu and Dr. Li Xiang became a director of Xinbang in May 2015; and (3) Xinbang was held by among others, its then actual controller, an Independent Third Party, as to 25.06%, Jinyu Investment as to 10.22%, UCPharm as to 5.63%, Qikang International as to 3.74%, Hangzhou Haidongqing as to 1.60%, Healthy Angel as to 1.02%, Super Glory as to 0.38% and Beijing Intetaike as to 0.05%.

(v) Subsequent development: In November 2018, considering the different business and development focus, the in vitro diagnostic reagent business segment previously operated by Chinese Peptide became operated by Prometheus Bio Inc. (康永生物技術有限公司, "**Prometheus Bio**"), a company established in the PRC with limited liability in November 2018, and wholly-owned by Xinbang.

(3) Establishment of Our Company and Acquisition of Chinese Peptide

(i) Background: In early 2020, in light of the challenges imposed by the COVID-19 pandemic, the prevailing market conditions of the peptide business and in vitro diagnostic reagent business at the time, the expectation that further development of Chinese Peptide and Prometheus Bio requires significant additional investment in R&D and the establishment of overseas production facilities, Xinbang decided to divest its interests in Chinese Peptide and Prometheus Bio, in order to better align with its strategic focus on medical services, and optimize its asset structure. In response, pursuant to the shareholders' resolutions of Xinbang in February 2020, Xinbang reduced the registered capital of Chinese Peptide and Prometheus Bio by a total of approximately RMB630 million. Upon completion of the reduction in registered capital, the registered capital of Chinese Peptide was reduced from RMB490 million to RMB57.9 million, and the registered capital of Prometheus Bio was reduced from RMB224.2 million to RMB26.5 million, respectively.

In the meantime, Dr. Xu, who joined Chinese Peptide in 2003, and then served as a director of Xinbang and the president of Chinese Peptide, along with Ms. Li, who joined Chinese Peptide in 2005, decided to establish our Company, with a view to acquiring Chinese Peptide from Xinbang in order to lead its growth and expansion under their ownership and continue to focus on developing a CRDMO with a global business footprint.

(ii) Establishment of our Company: On June 11, 2020, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB100 million. As of the date of its establishment, our Company was owned as to 51% by Qikang International and 49% by Hangzhou Haiding, a company owned by Ms. Li and her spouse as to 99% and 1%, respectively.

(iii) Principal terms of the 2020 Acquisition: In light of the above, on June 13, 2020, Xinbang and our Company entered into share transfer agreements, pursuant to which Xinbang agreed to sell, and our Company agreed to purchase, the entire equity interests of Chinese Peptide and Prometheus Bio, at the consideration of RMB718.3 million and RMB31.7 million, respectively (the "**2020 Acquisition**"). Such consideration was determined after arm's-length negotiation between the parties, based on the appraised value of Chinese Peptide and Prometheus Bio pursuant to two separate asset appraisal reports of Chinese Peptide and Prometheus Bio issued by an independent third-party appraisal institution with qualifications in securities and futures valuation in the PRC (the "**2020 Valuation Reports**"). The consideration of the 2020 Acquisition substantially matched the respective appraised values of Chinese Peptide and Prometheus Bio pursuant to the 2020 Valuation Reports.

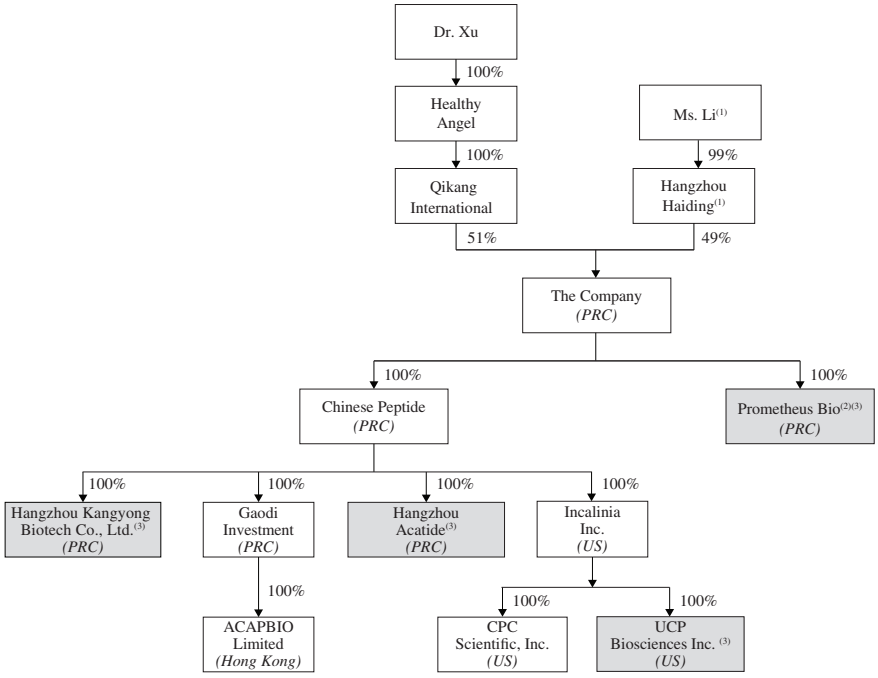
According to the 2020 Valuation Reports, as of March 31, 2020, the valuation benchmark date of 2020 Valuation Reports, (a) the appraised value of Chinese Peptide for the purpose of the 2020 Acquisition was approximately RMB718.6 million, determined using the income approach (收益法); and (b) the appraised value of Prometheus Bio for the purpose of the 2020 Acquisition was approximately RMB31.7 million, determined using the asset-based approach (資產基礎法).

From March 31, 2015 (i.e. the benchmark date for determining the consideration for the 2015 Xinbang Acquisition) to March 31, 2020 (i.e. the benchmark date for determining the consideration for the 2020 Acquisition), Chinese Peptide and Prometheus Bio had experienced various challenges in its business operations and development, including, among others, (a) shift in management strategies and development priorities of Xinbang to focus on its primary business of provision of medical services; (b) changes in the macroeconomic environment, and overall societal conditions including the rising labor, environmental and operational costs of Chinese Peptide's business; (c) impact of the COVID-19 pandemic; and (d) changes in industry conditions and the competitive dynamics of the in vitro diagnostic reagent business. As disclosed by Xinbang, it recorded an impairment loss for goodwill relating to the business of Chinese Peptide and Prometheus Bio amounting to RMB1.537 billion for the year ended December 31, 2018. The amount of impairment loss was determined based on an asset appraisal and consulting report issued by an independent third-party appraisal institution with qualifications in securities and futures valuation in the PRC. Such challenges experienced by Chinese Peptide led to the decrease in the consideration for the 2020 Acquisition compared to that for the 2015 Xinbang Acquisition.

The consideration of the 2020 Acquisition had been settled in full in December 2020 using our Group's internal resources, with the assistance of convertible bonds and loans received from our then Shareholders. As of the Latest Practicable Date, the convertible bonds had been fully redeemed or repaid by our Company, and the relevant Shareholder loans had been fully repaid by our Company. Our Directors consider that the 2020 Acquisition was conducted on normal commercial terms and are beneficial to the Group and the Shareholders as a whole.

(iv) PRC regulatory requirements: Our PRC Legal Adviser is of the view that the 2020 Acquisition did not violate the applicable PRC laws and regulations, and the relevant regulatory registrations or approvals necessary in relation to the 2020 Acquisition had been obtained in accordance with the PRC laws and regulations.

(v) Group structure after the 2020 Acquisition: Upon completion of the 2020 Acquisition, Chinese Peptide, its then subsidiaries and Prometheus Bio became wholly owned by our Company. Dr. Xu and Dr. Li Xiang resigned as directors of Xinbang in August 2020. As of the Latest Practicable Date, to the best knowledge of our Directors, (a) Xinbang was an Independent Third Party, and (b) save for UCPharm, which is wholly owned by Dr. Li Xiang, none of the Former Chinese Peptide Shareholders held any equity interest in Xinbang. Below is a diagram illustrating our structure immediately upon completion of the 2020 Acquisition:



Notes:

(1) Hangzhou Haiding was held as to 99% by Ms. Li, and 1% by her spouse, Mr. Li Congyan (李從岩).

(2) Considering the in vitro diagnostic reagent business segment of Prometheus Bio was previously operated by Chinese Peptide prior to the 2015 Xinbang Acquisition, the Company also acquired Prometheus Bio as part of the 2020 Acquisition.

(3) After the completion of the 2020 Acquisition, in order to (i) streamline the Group's business strategy and focus on CRDMO business of the Group and (ii) improve the overall operation efficiency of our Group, in early 2021, the Company deregistered and/or disposed Prometheus Bio, Hangzhou Kangyong Biotech Co., Ltd. ("**Hangzhou Kangyong**"), Hangzhou Acatide Technology Corporation ("**Hangzhou Acatide**"), and UCP Biosciences Inc. ("**UCP Biosciences**") taking into consideration their principal business and then operation status. Details are listed as follows:

(i) **Prometheus Bio**: it was primarily engaged in the provision of in vitro diagnostics reagent business. In March 2021, in order to focus our resources on the development of our CRDMO business, the Company disposed of the entire equity interests of Prometheus Bio to Hangzhou Haiding at a consideration of RMB26,461,400. The aforementioned consideration was determined based on arm's-length negotiation amongst parties with reference to the actual paid up registered capital of Prometheus Bio and the fact that Prometheus Bio was loss-making at the time of the relevant transfer. Prior to the disposal, based on its unaudited management accounts, Prometheus

Bio recorded revenue of approximately RMB4.4 million and net loss of approximately RMB3.6 million for the three months ended March 31, 2021, respectively. As the Group is mainly engaged in CRDMO services, the Directors are of the view that the business of Prometheus Bio will not compete with the Group.

(ii) **Hangzhou Kangyong**: it was established in the PRC in July 2012, and had not been involved in any substantive business operation generating any revenue in 2019 and 2020 prior to the 2020 Acquisition. After the completion of the 2020 Acquisition, considering Hangzhou Kangyong did not and was not expected to engage in any substantive business and did not hold any substantial assets, it was deregistered in January 2021 in order to streamline our corporate structure. Prior to the deregistration, Hangzhou Kangyong was loss-making based on its unaudited management accounts.

(iii) **Hangzhou Acatide**: it was established in the PRC in February 2010, and had not been involved in any substantive business operation prior to the 2020 Acquisition. In March 2021, in order to streamline our corporate structure, the entire equity interest of Hangzhou Acatide was transferred to Hangzhou Meisida Biotech Co., Ltd., which is an investment holding company held by Dr. Xu and Ms. Li as to 90% and 10%, respectively, at a consideration of RMB2,425,855.82. The aforementioned consideration was determined based on arm's-length negotiation amongst parties with reference to the registered capital of Hangzhou Acatide and the fact that Hangzhou Acatide was loss-making at the time of the relevant transfer. Given Hangzhou Acatide was not engaged in any substantive business operation during such period of time prior to the disposal, its profit and loss statements for each of the years from 2019 to March 2021 only recorded certain management expenses and finance costs in immaterial amounts.

(iv) **UCP Biosciences**: it was established in the United States in April 2003, and was primarily engaged in the provision or sales of diagnostic services and products in the United States. In March 2021, in order to focus our resources on the development of our CRDMO business, the Company disposed of the entire equity interest of UCP Biosciences to Kleos Limited, a wholly-owned investment holding company of Dr. Xu at the relevant time, at a consideration of US$1. The aforementioned consideration was determined based on arm's-length negotiation amongst parties considering the fact that UCP Biosciences had negative net assets and was loss making at the time of the relevant transfer. Prior to the disposal, based on its unaudited management accounts, UCP Biosciences recorded revenue of US$0.9 million and net loss of US$2.2 million for the year ended December 31, 2020, respectively. As the Group is mainly engaged in CRDMO services, the Directors are of the view that the business of UCP Biosciences will not compete with the Group.

None of Prometheus Bio, Hangzhou Kangyong, Hangzhou Acatide and UCP Biosciences was subject to any material administrative penalties, nor had been involved in any non-compliance incidents prior to the relevant disposals or deregistration.

(4) Establishment of the Employee Incentive Platforms

In recognition of the contributions of our employees and to incentivize them to further promote our development, and in preparation for the future establishment of the Pre-IPO Employee Incentive Scheme, Hangzhou Yuanxi and Hangzhou Xiyong were established as our Employee Incentive Platforms in the PRC in December 2020. On December 25, 2020, Hangzhou Haiding transferred RMB10 million of registered capital of the Company, representing a total of 10% of the then total equity interests of the Company, to Hangzhou Yuanxi and Hangzhou Xiyong, at an aggregate consideration of RMB40 million. The aforementioned considerations were determined based on arm's-length negotiation amongst

parties. Upon the completion of transfer of equity interest by Hangzhou Haiding to Employee Incentive Platforms on December 30, 2020, our Company was owned as to 51% by Qikang International, 39% by Hangzhou Haiding, 5% by Hangzhou Yuanxi and 5% by Hangzhou Xiyong.

In December 2020, we adopted the Pre-IPO Employee Incentive Scheme. For more details, please see "—Pre-IPO Employee Incentive Scheme" in this section.

(5) Pre-IPO Investments

See "—Pre-IPO Investments" below for further information of shareholding changes in connection with the Pre-IPO Investments. Our PRC Legal Adviser has confirmed that, all the shareholding changes as described in this section were properly and legally completed and all necessary, filings and registrations from the relevant PRC authorities have been obtained and completed.

(6) Further Changes in Registered Capital in 2021

On January 6, 2021, we passed shareholders' resolutions and approved, among other things, the decrease of the registered capital of the Company from RMB100 million to RMB63.75 million, with registered capital of the Company held by each then Shareholders decreased. Upon completion of the decrease of registered capital, the Company was held as to 80% by Qikang International, 10% by Hangzhou Haiding, 5% by Hangzhou Xiyong and 5% by Hangzhou Yuanxi.

On November 2, 2021, we passed shareholders' resolutions and approved, among other things, the increase of the registered capital of the Company from RMB63.75 million to RMB100 million, and each of Qikang International, Hangzhou Haiding, Hangzhou Xiyong, Hangzhou Yuanxi and Ms. Li subscribed for RMB14,000,000, RMB8,625,000, RMB1,812,500, RMB1,812,500 and RMB10,000,000 of the registered capital of the Company, respectively, at a total consideration of RMB36,250,000. The aforementioned consideration was determined at the par value of the registered capital, based on arm's-length negotiation amongst parties. Upon completion of the increase of registered capital, the Company was held as to 65% by Qikang International, 15% by Hangzhou Haiding, 10% by Ms. Li, 5% by Hangzhou Xiyong and 5% by Hangzhou Yuanxi.

Our PRC Legal Adviser has confirmed that all the capital decreases and increases described above have been properly and legally completed and all necessary, filings and registrations from the relevant PRC authorities have been obtained and completed.

(7) Conversion into a joint stock limited company

On October 30, 2022, our then Shareholders passed resolutions approving, among other things, the conversion of our Company from a limited liability company into a joint stock limited company (the "**Conversion**"). According to the report prepared and issued by an

Independent Third Party auditor, on January 17, 2023, the total net asset value of our Company as of August 31, 2022 was RMB873,940,500, of which (i) RMB125,000,000 was converted into Shares with par value of RMB1 per Share, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company immediately before the Conversion; and (ii) the remaining amount of approximately RMB748,940,500 was converted into capital reserve.

The Conversion was completed on February 10, 2023. Upon completion of the Conversion and as at the Latest Practicable Date, the registered capital of our Company increased to RMB125,000,000, and our shareholding structure is as detailed in "—Capitalization" below.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

In December 2020, in recognition of the contributions of our management and employees and to incentivize them to further promote our development, we adopted the Pre-IPO Employee Incentive Scheme, which was further amended in November 2021 and November 2022. As of the date of this Prospectus, all Shares subject to the Pre-IPO Employee Incentive Scheme were granted to, vested in, and subscribed for by the participants. No further awards will be granted under the Pre-IPO Employee Incentive Scheme following the Listing.

As of the date of this Prospectus, our Employee Incentive Platform, Hangzhou Xiyong was held by Ms. Li, its sole general partner, as to approximately 0.60%, with the remaining partnership interests being held by 42 limited partners of Hangzhou Xiyong, namely (i) Ms. Cheng Tao (our executive Director and Chief Business Officer, holding 30.00% partnership interests), (ii) Mr. Wu Haigang (吳海剛) (our Supervisor, holding 6.00% partnership interests), (iii) Ms. Fu Hongying (傅紅英) (our Supervisor, holding 3.96% partnership interests), (iv) Ms. Yan Xiya (顏喜亞) (our Supervisor, holding 2.60% partnership interests), and (v) Mr. Li Congyan (李從岩) (a supervisor of Chinese Peptide and the spouse of Ms. Li, holding 1.00% partnership interests), and (vi) 36 other employees and a former employee, who are not the Directors, Supervisors, senior management or connected persons of our Company (holding approximately 55.84% partnership interests of Hangzhou Xiyong in aggregate, with their respective partnership interests less than 3%).

As of the date of this Prospectus, our other Employee Incentive Platform, Hangzhou Yuanxi was held by Ms. Li, its sole general partner, as to 18.00%, with the remaining partnership interests being held by 42 limited partners of Hangzhou Yuanxi, namely (i) Mr. Wu Haigang (吳海剛), our Supervisor, holding 3.89% partnership interests, (ii) Ms. Yan Xiya (顏喜亞), our Supervisor, holding 7.20% partnership interests, (iii) Mr. Li Congyan (李從岩), a supervisor of Chinese Peptide, and the spouse of Ms. Li, holding 1.00% partnership interests, (iv) Ms. Li Mingmei (李玲梅), our executive Director and secretary to the Board, holding 9.73% partnership interests, (v) Mr. Xu Weiqun (徐偉群), our senior management member and finance director of our Company, holding 1.75% partnership interests, and (vi) 36 other employees and a consultant of the Group, who are not the Directors, Supervisors, senior management or connected persons of our Company (holding approximately 58.42% partnership

interests of Hangzhou Yuanxi in aggregate, with their respective interests no more than 10%). Each of the limited partners of Hangzhou Xiyong and Hangzhou Yuanxi is entitled to participate in the profit distribution and to receive economic benefits of the Shares held by Hangzhou Xiyong and Hangzhou Yuanxi.

As of the Latest Practicable Date, Hangzhou Xiyong and Hangzhou Yuanxi owned approximately 4.11% and 4.11% of the issued Shares. For further details of the Pre-IPO Employee Incentive Scheme and our Employee Incentive Platforms, see "Statutory and General Information—Pre-IPO Employee Incentive Scheme" in Appendix IV to this Prospectus.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed in this Prospectus, we had not conducted any major acquisitions, disposals or mergers that we consider to be material to us during the Track Record Period and up to the Latest Practicable Date.

REASONS FOR THE LISTING

Our Company is seeking a listing of its H Shares on the Stock Exchange in order to raise further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and further raise our business profile and global presence. For further details of our future plans, please refer to the section headed "Future Plans and Use of Proceeds."

PRE-IPO INVESTMENTS

Overview

Convertible Bonds

On December 18, 2020, the Company entered into a convertible bonds investment agreement with Hangzhou Heda New Pharmaceutical Venture Capital Partnership (Limited Partnership) (杭州和達新醫藥創業投資合夥企業(有限合夥)) ("**Hangzhou Heda Xinyiyao**"), pursuant to which, (i) the Company issued convertible bonds (the "**2020 Convertible Bonds**") to Hangzhou Heda Xinyiyao for a total principal amount of RMB100 million and for a period of 12 months, and (ii) if the Company underwent financing other than the issuance of convertible bonds with a total financing amount of no less than RMB100 million, Hangzhou Heda Xinyiyao would be entitled to convert the convertible bonds it held to the Company's registered capital at a conversion price equivalent to 85% of the price per Company's registered capital of such round of financing.

On December 8, 2021, pursuant to the 2021 Investment Agreement (as defined below), Hangzhou Heda Xinyiyao converted the 2020 Convertible Bonds to an aggregate of RMB5,228,758.17 increased registered capital of the Company, at a total conversion price of RMB100 million (the "**2020 CB Conversion**"). Upon completion of the 2020 CB Conversion, the 2020 Convertible Bonds have been fully redeemed and converted to registered capital of the Company.

In December 2020, the Company issued three-year 7.0% convertible bonds in an aggregate principal amount of RMB300 million to Hangzhou Heda Kontide Venture Capital Partnership (Limited Partnership) (杭州和達康肽創業投資合夥企業(有限合夥), "**Heda Kontide**"), an Independent Third Party. On March 29, 2024, the Company had repaid the principal amount of RMB300 million for such convertible bonds in full.

2021 Share Transfer

On December 8, 2021, pursuant to the 2021 Investment Agreement (as defined below), Qikang International transferred RMB7,017,543.86 registered capital of the Company to Quzhou Haibang Taida Venture Capital Partnership (Limited Partnership) (衢州海邦肽達創業投資合夥企業(有限合夥)) ("**Haibang Taida**"), at a cash consideration of RMB150 million ("**2021 Share Transfer**"), which was determined based on arm's-length negotiation amongst parties.

2021 Share Subscription

On December 8, 2021, the Company, its then Shareholders, Lanxi Puhua Shuoyang Xiaxing Venture Investment Partnership (Limited Partnership) (蘭溪普華碩陽夏星創業投資合夥企業(有限合夥)) ("**Puhua Xiaxing**"), Hangzhou Haibang Boyuan Venture Capital Partnership (Limited Partnership) (杭州海邦博源創業投資合夥企業(有限合夥)) ("**Haibang Boyuan**"), Shenzhen Minhe Investment Co., Ltd.* (深圳市民和投資有限公司) ("**Shenzhen Minhe Investment**"), Nanjing Outao Information Technology Co., Ltd.* (南京歐陶信息科技有限公司) ("**Nanjing Outao**"), Hainan Jingsheng Yiqi Private Equity Investment Fund Partnership (Limited Partnership) (海南景盛一期私募股權投資基金合夥企業(有限合夥)) ("**Hainan Jingsheng Yiqi**"), Hangzhou Heda Xinyiyao and Haibang Taida entered into an investment agreement (the "**2021 Investment Agreement**"), pursuant to which, among others, each of Puhua Xiaxing, Haibang Boyuan, Shenzhen Minhe Investment, Nanjing Outao and Hainan Jingsheng Yiqi subscribed RMB8,888,888.89, RMB2,222,222.22, RMB2,666,666.67, RMB1,333,333.33 and RMB1,333,333.33 of the increased registered capital of the Company (the "**Share Subscription**"), at consideration of RMB200 million, RMB50 million, RMB60 million, RMB30 million and RMB30 million, respectively. The consideration was determined based on arm's-length negotiation amongst parties.

Principal terms of the Pre-IPO Investments

The below table summarizes the principal terms of the Pre-IPO Investments.

	2020 Convertible Bonds	2021 Share Transfer	2021 Share Subscription
Amount of registered capital involved	RMB5,228,758.17	RMB7,017,543.86	RMB16,444,444.44
Amount of consideration paid	RMB100 million	RMB150 million	RMB370 million
Date of the agreement	December 8, 2020	December 8, 2021	December 8, 2021
Date of full settlement of consideration	December 18, 2020	April 11, 2022	December 15, 2021
Cost per Share paid under the Pre-IPO Investments (approximation)(1)	RMB19.13	RMB21.38	RMB22.50
Discount to the Offer Price (approximation)(2)	29.10%	20.76%	16.60%
Basis of determination of the valuation and consideration	The determination of the valuation and consideration is based on arm's-length negotiations between the relevant parties with reference to among others, (i) the timing and market conditions of the investments/equity transfers, (ii) the operation of our business, the financial performance of our Group in the previous year, and (iii) the prospects of our business.		
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the Listing Date, the Shares issued by the Company prior to the Global Offering (including the Shares held by the Pre-IPO Investors immediately prior to the Global Offering) are restricted from transfer.		
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds from the 2020 Convertible Bonds and 2021 Share Subscription for the operations and general working capital purpose of our Group. As of the Latest Practicable Date, the funds raised from the 2020 Convertible Bonds and 2021 Share Subscription had been fully utilized. Our Company did not receive any proceeds from the 2021 Share Transfer.		

	2020 Convertible Bonds	2021 Share Transfer	2021 Share Subscription
Strategic benefits to our Company brought by the Pre-IPO Investors	We believed that our Group could benefit from the additional funds raised from the Pre-IPO Investments, to strengthen our operation in peptide facility expansion, scale our international operation, enrich our business line, and recruit more key talent employees. In addition, with the introduction of the Pre-IPO Investors, the management team of our Group has become increasingly experienced in corporate governance enhancement and shareholder communications.		

Notes:

(1) The cost per Share is calculated based on the amount of investment made by the relevant Pre-IPO Investors and the number of Shares of the Company held by them corresponding to the investment.

(2) The discount to the H Share Offer Price is calculated based on the assumption that the Offer Price is HK$29.50 per H Share, being the mid-point of the indicative Offer Price range.

Special Rights of the Pre-IPO Investors

The Pre-IPO Investors have been granted certain special rights in relation to our Company, including among others, pre-emptive rights, co-sale right, redemption rights, anti-dilution right, drag-along right, information rights, liquidation preferences, director appointment rights and protective provisions.

Pursuant to the special rights termination agreement dated May 14, 2024 entered into amongst all current Shareholders, all shareholders' special rights granted shall be automatically terminated upon Listing, except redemption rights which shall be automatically terminated upon the first submission of listing application to the Stock Exchange, and automatically and immediately reinstated and restored upon the earlier of (i) the date when the Company's listing application is rejected, returned, or voluntarily withdrawn by the Company; or (ii) if the Listing has not taken place by December 31, 2026.

Compliance with Pre-IPO Investment Guidance

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the first filing of the listing application by our Company with the Stock Exchange, and (ii) the special rights granted to the Pre-IPO Investors have been terminated as disclosed in "– Special Rights of the Pre-IPO Investors" above, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the Pre-IPO Investment Guidance as defined in Chapter 4.2 of the Guide for New Listing Applicants.

Information about our Pre-IPO Investors

Set out below are details of each of our Pre-IPO Investors as of the Latest Practicable Date. To the best knowledge of our Directors, save as disclosed below, each of our Pre-IPO Investors and their respective ultimate beneficial owner (where applicable) is an Independent Third Party.

Puhua Xiaxing (普華夏星)

Puhua Xiaxing is a limited partnership established in the PRC, and is principally engaged in the equity investments with assets under management of approximately RMB200 million as of December 31, 2023. The general partner of Puhua Xiaxing is Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司), which is held by Mr. Wu Yihui (吳一暉), our non-executive Director as to 70%, and Ningbo Fushiyangqu Business Management Partnership (Limited Partnership)* (寧波俯拾仰取企業管理合夥企業(有限合夥)) as to 30%. To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Puhua Xiaxing has 14 limited partners, among which (i) Hangzhou Puhua Shuoyang Equity Investment Partnership (Limited Partnership) (杭州普華碩陽股權投資合夥企業(有限合夥)) holds approximately 26.33% partnership interests therein, (ii) Zhongtian Holding Group Co., Ltd. (中天控股集團有限公司) holds approximately 24.22% partnership interests therein, and (iii) each of the other 12 limited partners holds less than 20% partnership interests therein. To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Haibang Entities

Haibang Taida (海邦肽達): Haibang Taida is a limited partnership established in the PRC, and is principally engaged in the equity investments with assets under management of approximately RMB155 million as of December 31, 2023. The general partner of Haibang Taida is Hangzhou Haibang Fenghua Investment Management Co., Ltd.* (杭州海邦灃華投資管理有限公司) ("**Haibang Fenghua**"). Haibang Taida has 23 limited partners, each holding less than 20% partnership interests therein. Haibang Fenghua is controlled by Zhejiang Fenghua Investment Management Co., Ltd.* (浙江灃華投資管理有限公司) as to 75%, a company ultimately controlled as to 82% by Mr. Xie Li (謝力), (a) directly through his 46% interests, and (b) indirectly as to 36% through Hangzhou Fenghe Investment Partnership (Limited Partnership) 杭州灃和投資合夥企業(有限合夥), a limited partnership where he is the general partner, holding 66.67% partnership interests therein. To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Haibang Boyuan (海邦博源): Haibang Boyuan is a limited partnership established in the PRC, and is principally engaged in the equity investments with assets under management of approximately RMB630 million as of December 31, 2023. The general partner of Haibang Boyuan is Haibang Fenghua. Save for Haibang Fenghua being a general partner, Haibang Boyuan has five limited partners, among which Hangzhou Haibang Xinrun Venture Capital Partnership (Limited Partnership) (杭州海邦鑫潤創業投資合夥企業(有限合夥)) ("**Haibang Xinrun**") holds approximately 49.05% partnership interests therein and each of the other four limited partners holds less than 20% partnership interests therein. The general partner of Haibang Xinrun is Haibang Fenghua. Save for Quzhou Qujiang District State Capital Investment Group Co., Ltd.* (衢州市衢江區國有資本投資集團有限公司) as a limited partner, holding approximately 32% of its partnership interests, none of the other 30 limited partners (including Dr. Xu) holds more than 5% partnership interests therein.

Haibang Fenghua is controlled by Zhejiang Fenghua Investment Management Co., Ltd.* (浙江灃華投資管理有限公司) as to 75%, a company ultimately controlled as to 82% by Mr. Xie Li (謝力), (a) directly through his 46% interests, and (b) indirectly as to 36% through Hangzhou Fenghe Investment Partnership (Limited Partnership) (杭州灃和投資合夥企業(有限合夥)), a limited partnership where he is the general partner, holding 66.67% partnership interests therein. To the best knowledge and information of the Company, save as disclosed, all these above mentioned entities and individuals are Independent Third Parties.

Hangzhou Heda Xinyiyao (杭州和達新醫藥)

Hangzhou Heda Xinyiyao is a limited partnership established in the PRC, and is principally engaged in the equity investments with assets under management of approximately RMB300 million as of December 31, 2023. Hangzhou Heda Xinyiyao is owned as to (i) 0.1% by Hangzhou Heda Investment Management Co., Ltd. (杭州和達投資管理有限公司) ("**Hangzhou Heda Investment Management**"), as its general partner, (ii) 80% by Hangyin Wealth Management Co., Ltd. (杭銀理財有限責任公司), as its limited partner, which is a wholly-owned subsidiary of the Bank of Hangzhou Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600926.SS), and (iii) 19.9% by Hangzhou Heda Industry Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司), as its limited partner. Hangzhou Heda Investment Management is controlled by Hangzhou Heda Financial Services Group Co., Ltd. (杭州和達金融服務集團有限公司). Both of Hangzhou Heda Financial Services Group Co., Ltd. (杭州和達金融服務集團有限公司) and Hangzhou Heda Industry Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司) are wholly owned by Hangzhou Qiantang New Area Industrial Development Group Co., Ltd.* (杭州錢塘新區產業發展集團有限公司), a company ultimately controlled by Hangzhou Qiantang New Area Management Committee* (杭州錢塘新區管理委員會) as to 90% of its equity interests. To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Shenzhen Minhe Investment (深圳民和投資)

Shenzhen Minhe Investment is a limited liability company established in the PRC in 2011, with registered capital of RMB20 million, and is principally engaged in the equity investments. Shenzhen Minhe Investment is wholly owned by Mr. Zhang Qiangming (張強鳴), who is a former Director, voluntarily resigned in May 2024, without any dispute of disagreement with the Board.

Nanjing Outao (南京歐陶)

Nanjing Outao is a limited liability company established in the PRC in 2011, with registered capital of RMB7 million, and is principally engaged in the development of computer software and information services. It has made investments in companies operating in the healthcare or pharmaceutical industries. Nanjing Outao is held by Mr. Huang Tongge (黃彤舸) as to 68.93%, an Independent Third Party, and by five other individual shareholders, each of whom holds less than 20% shareholding therein and is an Independent Third Party.

Hainan Jingsheng Yiqi (海南景盛一期)

Hainan Jingsheng Yiqi is a limited partnership established in the PRC, and is principally engaged in the equity investments with assets under management of approximately RMB400 million as of December 31, 2023. The general partner of Hainan Jingsheng Yiqi is Hainan Jingsheng Private Equity Fund Management Partnership (Limited Partnership) (海南景盛私募基金管理合夥企業(有限合夥)) ("**Jingsheng PE**"). Hainan Jingsheng Yiqi has nine limited partners, among which (i) Mr. Zhou Zhuohe (周卓和) holds approximately 23.05% partnership interests therein, (ii) Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司) holds approximately 23.05% partnership interests therein, and (iii) each of the seven other limited partners holds less than 20% partnership interests therein. Jingsheng PE is controlled by Mr. Sun Qiming (孫啟明). To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

CAPITALIZATION

Our Company has filed with CSRC for H-share full circulation to convert certain Unlisted Shares into H Shares upon the Listing. The conversion of Unlisted Shares into H Shares will involve an aggregate of 68,201,112 Unlisted Shares, representing approximately 46.38% of total issued share capital of the Company as of the Latest Practicable Date. The table below is a summary of the capitalization of our Company as of the Latest Practicable Date immediately prior to and upon completion of the Global Offering and the conversion of Unlisted Shares into H Shares:

	As of the Latest Practicable Date		Immediately upon Completion of the Global Offering		
Shareholders	**Number of Unlisted Shares held**	**Ownership percentage (approximation)**	**Number of Unlisted Shares held**	**Number of H Shares held**	**Ownership percentage of total issued Shares (approximation)**
Controlling Shareholders					
Qikang International	59,567,875	47.65%	47,654,300	11,913,575	42.01%
Hangzhou Haiding	15,410,125	12.33%	15,410,125	–	10.87%
Ms. Li	10,273,375	8.22%	5,136,687	5,136,688	7.24%
Hangzhou Xiyong	5,136,750	4.11%	–	5,136,750	3.62%
Hangzhou Yuanxi	5,136,750	4.11%	–	5,136,750	3.62%
Pre-IPO Investors					
Puhua Xiaxing	9,131,875	7.31%	–	9,131,875	6.44%
Haibang Taida	7,209,375	5.77%	–	7,209,375	5.08%
Hangzhou Heda Xinyiyao	5,371,750	4.30%	–	5,371,750	3.79%
Shenzhen Minhe Investment	2,739,625	2.19%	–	2,739,625	1.93%
Haibang Boyuan	2,283,000	1.83%	–	2,283,000	1.61%
Nanjing Outao	1,369,750	1.10%	–	1,369,750	0.97%
Hainan Jingsheng Yiqi	1,369,750	1.10%	–	1,369,750	0.97%
Investors taking part in the Global Offering	–	–	–	16,800,000	11.85%
Total	**125,000,000**	**100.00%**	**68,201,112**	**73,598,888**	**100.00%**

PUBLIC FLOAT

Following the conversion of the Unlisted Shares into H Shares and upon completion of the Global Offering:

(a) a total of 104,656,750 Shares held by our core connected persons will not be counted towards the public float, representing 73.81% of our share capital in aggregate upon the completion of Global Offering, including (i) Qikang International (a close associate of Dr. Xu, our executive Director), (ii) Ms. Li (our executive Director), (iii) Hangzhou Haiding, Hangzhou Xiyong and Hangzhou Yuanxi (each being a close associate of Ms. Li, our executive Director), and (iv) Puhua Xiaxing (a close associate of Mr. Wu Yihui, our non-executive Director);

(b) a total of 20,343,250 Unlisted Shares held by the remaining existing Shareholders will be converted into H Shares and listed on the Stock Exchange, and therefore will be counted as part of the public float, representing 14.35% of our share capital in aggregate upon the completion of Global Offering. None of such remaining existing Shareholders is accustomed to take instructions from any of our core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and none of their acquisition of the Shares were financed directly or indirectly by our core connected person; and

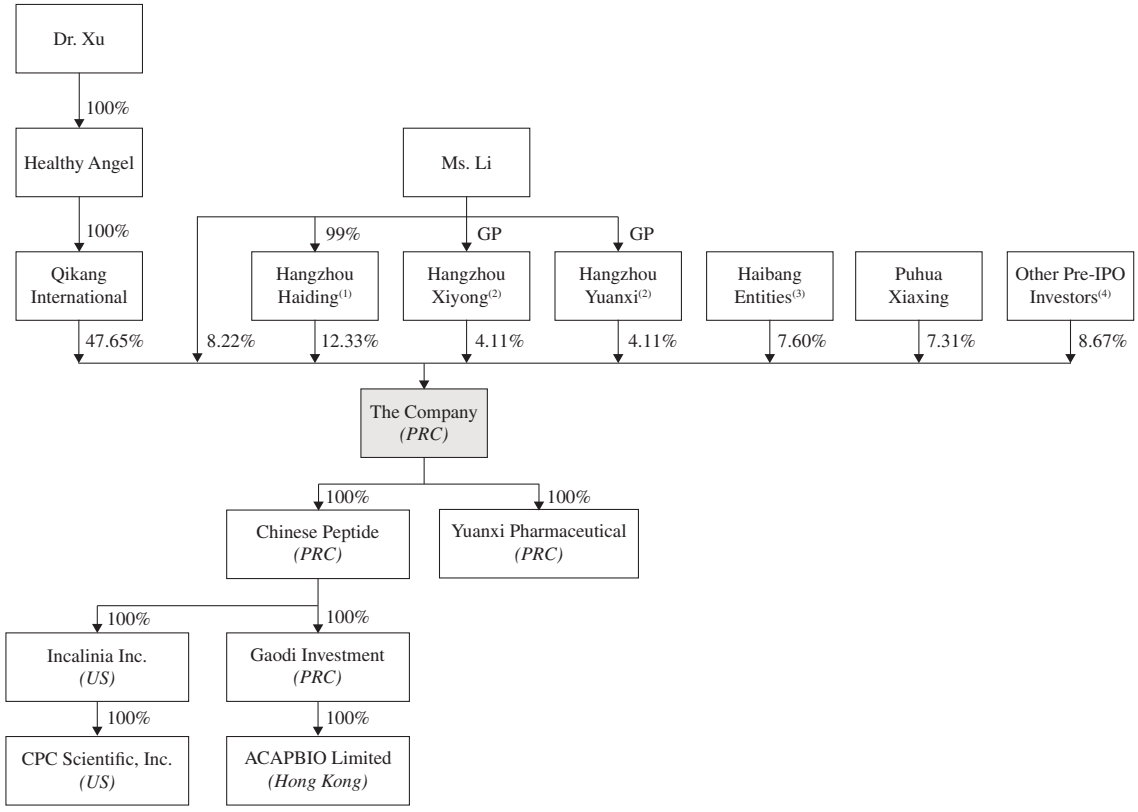
(c) a total of 16,800,000 H Shares issued pursuant to the Global Offering will be counted as part of the public float, representing 11.85% of our share capital upon the completion of Global Offering in aggregate.

Based on the above, it is expected that immediately following completion of the Global Offering, a total of 37,143,250 Shares, representing 26.19% of our total share capital upon the completion of the Global Offering will be counted as part of the public float. As a result, over 25% of our Company's total issued Shares will be held by the public upon completion of the Global Offering as required under Rule 8.08(1)(a) of the Listing Rules.

Immediately following the completion of the Global Offering, a total of 125,000,000 Shares held by the existing Shareholders, representing 88.15% of our total share capital upon the completion of the Global Offering, will be subject to a lock-up period of 12 months following the Listing Date. For details, see "—Pre-IPO Investments—Principal Terms of the Pre-IPO Investments" above. In addition, based on the low-end of the Offer Price range of HK$28.40, a total of 2,763,800 H Shares to be subscribed by the cornerstone investors, particulars of which are set out in "Cornerstone Investors," will be subject to disposal restrictions during the period of six months from and including the Listing Date. Accordingly, based on the low-end of the Offer Price range of HK$28.40, upon the completion of the Global Offering, it is expected that at least 14,036,200 Shares, representing approximately 9.90% of our total share capital upon the completion of the Global Offering, will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of the Listing.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Group immediately before completion of the Global Offering:



Notes:

(1) Hangzhou Haiding was held as to 99% by Ms. Li, and 1% by her spouse, Mr. Li Congyan (李從岩), a supervisor of Chinese Peptide.

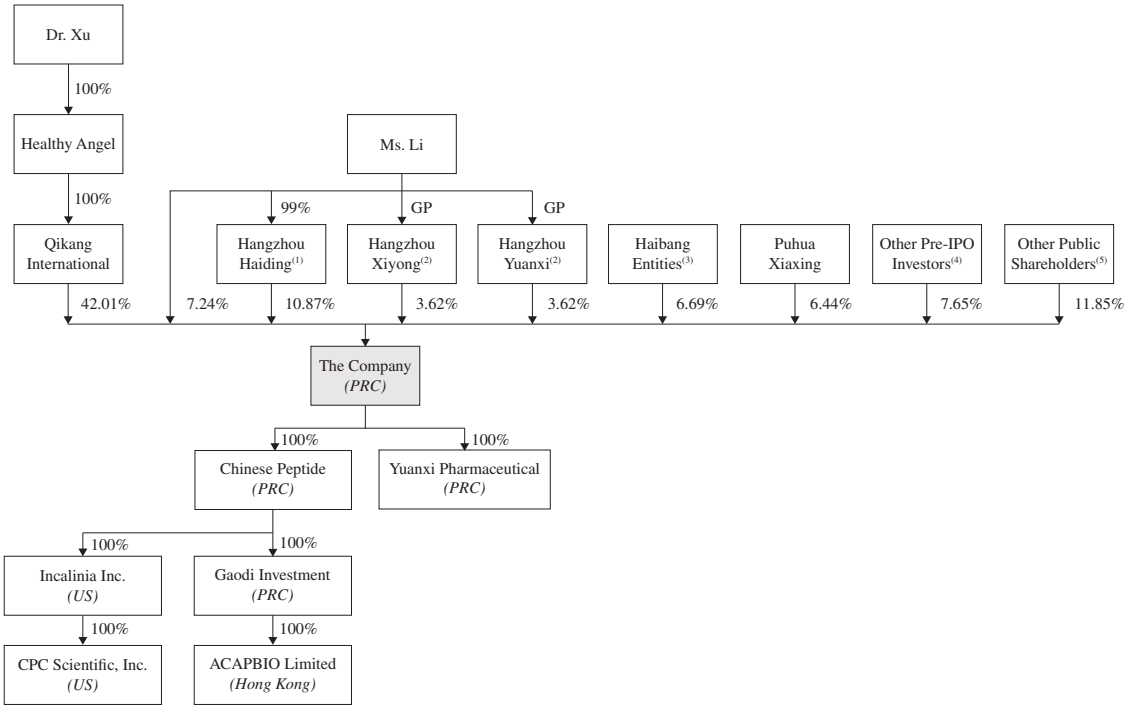
(2) Hangzhou Xiyong and Hangzhou Yuanxi are our Employee Incentive Platforms. Ms. Li is responsible for the management of Hangzhou Xiyong and Hangzhou Yuanxi and exercising the voting rights attaching to the Shares held by Hangzhou Xiyong and Hangzhou Yuanxi, in accordance with the partnership agreements entered into among the general and limited partners of Hangzhou Xiyong and Hangzhou Yuanxi, respectively. For details, see "—Pre-IPO Employee Incentive Scheme" in this section.

(3) Haibang Entities include Haibang Taida and Haibang Boyuan. For more information, see "—Information about our Pre-IPO Investors" in this section.

(4) Other Pre-IPO Investors include Hangzhou Heda Xinyiyao (杭州和達新醫藥), Shenzhen Minhe Investment (深圳民和投資), Hainan Jingsheng Yiqi (海南景盛一期) and Nanjing Outao (南京歐陶). For more information, see "—Information about our Pre-IPO Investors" in this section.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Group immediately following completion of the Global Offering:



Notes:

Notes (1) to (4): See the details contained in the preceding pages.

Note (5): These shares will count towards the public float upon Listing. See "—Public Float" in this section.

Remark

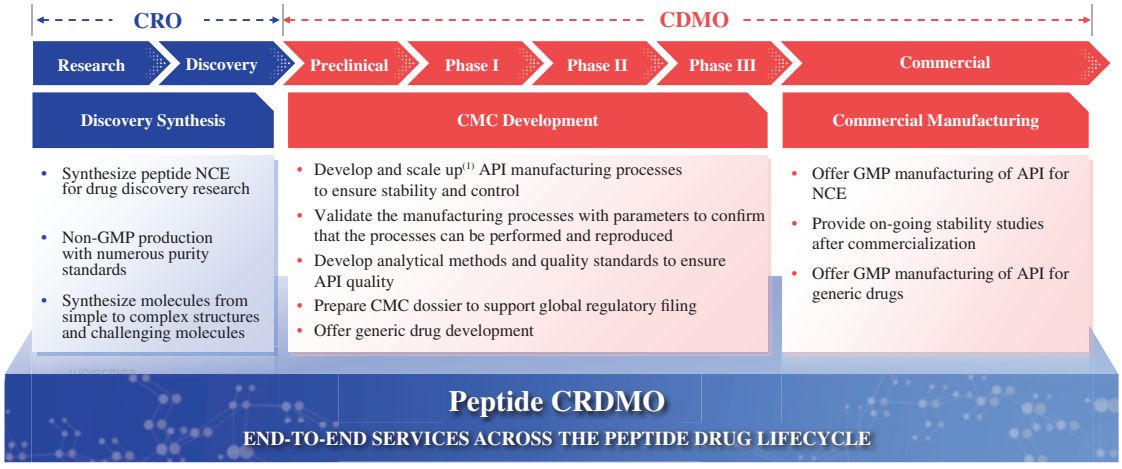
Other than a total of 68,201,112 Unlisted Shares, representing approximately 48.10% of our total issued Shares upon the Listing held by Qikang International, Hangzhou Haiding and Ms. Li which will not be converted into H Shares, a total of 56,798,888 Unlisted Shares held by existing Shareholders will be converted into H Shares under the "full circulation" application, upon completion of the Listing.

OVERVIEW

We are the third largest peptide-focused CRDMO worldwide in terms of sales revenue with a market share of 1.5% in 2023, according to Frost & Sullivan. We are also one of the most comprehensive peptide-focused CRDMO globally, offering full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. The top two players in the global peptide-focused CRDMO market accounted for 23.8% of the market share and the remainder of the market is fragmented and each of the top three to six players (including our Company) only accounted for around 1% of the market share in 2023.

We mainly provide (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing. Our services primarily focus on providing customers with APIs rather than drug products. We have established stable customer relationships and service footprint in over 50 countries, including major markets such as China, the United States, Japan, Europe, South Korea and Australia. We provide our customers with peptide drug development, production, and CMC filing support services that meet regulatory requirements in major markets worldwide.

The following chart sets forth details of our end-to-end services across the peptide drug lifecycle.



Notes:

(1) Scale up refers to the process of transforming a lab-scale product into a commercially viable product by developing a reliable manufacturing technique. This technique is designed to accommodate various output volumes, which are typically larger than lab-scale.

(2) Our services primarily focus on providing customers with APIs rather than drug products. We do not produce drug products that are directly used in clinical trials or commercially.

Market Opportunities

The global TIDES drug market is expected to experience significant growth over the next few years, primarily driven by the distinct advantages of TIDES drugs. Compared with chemical drugs, peptide drugs generally exhibit better tolerance, greater specificity and enhanced bioactivity. Relative to biologics, peptide drugs often have improved stability and lower R&D costs, while demonstrating comparable side effect profile, half-life, tolerance, specificity and bioactivity. The following chart shows comparative analysis of chemical drugs, biologics and peptide drugs.

Comparative Analysis of Chemical Drugs, Biologics and Peptide Drugs

Influence Level: ◕ High ◑ Mid ◔ Low

	Stability	Side Effects	Half-life	Tolerance	Immuno -genicity	Specificity	Bioactivity	R&D Costs
Chemical Drugs	◕	◕	◕	◔	◔	◔	◔	◔
Peptides Drugs	◑	◔	◔	◕	◑	◕	◕	◑
Biologics	◔	◔	◔	◕	◕	◕	◕	◕

Source: Frost & Sullivan analysis, Literature research

The significant growth opportunities of the global peptide drug market is also driven by unmet demand for chronic disease therapies, increasing number of approvals for peptide therapies, development of new formulations, production technology and capacity, as well as favorable policies worldwide. The global peptide drug market grew from US$60.7 billion in 2018 to US$89.5 billion in 2023 as measured by sales revenue, representing a CAGR of 8.1%, and is expected to further grow to US$261.2 billion in 2032, representing a CAGR of 12.6%.

One particular type of blockbuster peptide drug, namely GLP-1 drug products, has changed the landscape for the treatment of metabolic diseases, and is expected to be a key driver for the growth of the global peptide drug market. The global GLP-1 drug market grew from US$9.3 billion in 2018 to US$38.9 billion in 2023 as measured by sales revenue, representing a CAGR of 33.2%, and is expected to further grow to US$129.9 billion in 2032, representing a CAGR of 14.3%.

The market opportunities in the global peptide drug market is expected to drive the growth of the global peptide CRDMO market. Production of peptide drugs is complicated and involves highly technical processes. The rapid historical and forecasted growth in the global peptide drug market has led to the accumulation of significant demand for expertise, know-how and human resources on peptide synthesis, development, and cGMP-compliant production which we have accumulated over our two decades of operations and many pharmaceutical and biotech companies do not have. These companies therefore need to engage third-party service providers for such synthesis, development and production services. According to Frost &

Sullivan, the percentage of pharmaceutical and biotech companies that outsourced clinical development and production to third-party service providers reached approximately 70% in the global peptide drug market in 2023, higher than approximately 30%-40% for biologics. This reliance on third-party service providers has led to the rapid growth of the global peptide CRDMO market, which increased from US$1.6 billion in 2018 to US$3.1 billion in 2023 as measured by sales revenue, representing a CAGR of 14.8%, and is expected to further grow to US$18.8 billion in 2032, representing a CAGR of 22.0%.

Many such third-party service providers lack the ability to perform full-cycle CRDMO services for peptide drug products. Pharmaceutical and biotech companies therefore often have to engage multiple service providers. Our integrated and comprehensive CRDMO service capabilities, on the other hand, provide customers with full-cycle solutions covering the entire peptide drug development cycle from discovery and preclinical research to clinical development and commercial-stage production, saving them the hassle and costs of having to engage multiple service providers along different development stages.

Besides peptide drugs, the global oligonucleotide drug market also experienced and is expected to further experience significant growth. According to Frost & Sullivan, 18 oligonucleotide drugs had obtained regulatory approvals globally between January 1, 2015 and the Latest Practicable Date. The global oligonucleotide drug market grew from US$2.0 billion in 2018 to US$4.5 billion in 2023 as measured by sales revenue, representing a CAGR of 16.9%, and is expected to further grow to US$45.9 billion in 2032, representing a CAGR of 29.6%.

The global oligonucleotide CDMO market is also expected to experience significant growth, driven by increasing demand for oligonucleotide drugs, complexity of oligonucleotide manufacturing, technology advancements in oligonucleotide synthesis, the outsourcing strategies of oligonucleotide pharmaceutical and biotech companies and the expected growth in the global oligonucleotide drug market. The global oligonucleotide CDMO market by sales revenue grew from US$0.5 billion in 2018 to US$2.3 billion in 2023, representing a CAGR of 33.8%, and is expected to further grow to US$18.4 billion in 2032, representing a CAGR of 26.0%.

Our Pipeline

We have built an extensive project pipeline. As of December 31, 2022 and 2023, we had 168 and 198 ongoing NCE CDMO projects, and 87 and 119 ongoing generic drug CDMO projects, respectively. As of December 31, 2024, our project pipeline included 1,217 ongoing CRO projects, and 332 ongoing CDMO projects (including 319 CDMO projects at CMC development stage and 13 commercial stage projects). The 332 ongoing CDMO projects included 204 NCE projects (including 103 preclinical stage projects, 70 Phase I trial projects, 21 Phase II trial projects, seven Phase III trial projects, and three commercial stage projects) and 128 generic drug projects (including 118 development stage projects and 10 commercial stage projects). In particular, we had nine NCE GLP-1 molecule development projects as of the Latest Practicable Date.

Our Production Capabilities

We have established production technology and large-scale production capabilities for peptide drugs. We believe our expertise in peptide drug design, modification, synthesis and production control exceeds those of our competitors. Our highly efficient operational system centers around innovation and efficiency. Through carefully crafted production protocols and optimized supply chain management, we have achieved advantages in terms of production efficiency, cost, and product quality of peptide APIs. We have extensive peptide API production capacity equipped with a comprehensive digitized system of project research and innovation. Our cGMP-compliant production facility in Hangzhou has a total gross floor area of over 15,000 square meters, with an annual peptide API production capacity of 500kg and per-batch peptide production capacity of 20kg, capable of handling multiple peptide 100kg level peptide orders.

OUR COMPETITIVE STRENGTHS

Peptide CRDMO, Providing Full-cycle Services with Quality, Efficiency and Cost Advantages

We are the third largest peptide-focused CRDMO worldwide in terms of sales revenue in 2023, according to Frost & Sullivan. We are also one of the most comprehensive peptide-focused CRDMO globally, offering full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. We believe such full-cycle service capabilities provide us strong competitive advantages and market position as we are able to offer customers full-cycle solutions so that they do not need to engage multiple outsourcing service providers, avoiding overly complex and inefficient communications and logistics coordination, testing and quality control issues, potential delays and supply chain disruptions. Our full-cycle service capabilities also ensure seamless collaboration among different teams from discovery and preclinical research all the way to cGMP clinical production and commercial-stage large-scale production, substantially reducing the inefficiency and lack of accountability that may arise during the inter-company transfer handover process at different stages.

We mainly provide (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing. Our services primarily focus on providing customers with APIs rather than drug products. As of the Latest Practicable Date, we have established stable customer relationships and service footprint in over 50 countries, including major markets such as China, the United States, Japan, Europe, South Korea and Australia. We provide our customers with peptide drug development, production, and CMC filing support services that meet regulatory requirements in major markets worldwide. Our quality control system throughout the peptide drug production process has undergone and consistently passed inspections and supervisions by customers and various regulatory authorities worldwide, which serves as a testimony to our rigorous quality control

measures over production equipment, techniques and products. Our decades of experience and collaborations with global customers have helped us establish our brand and reputation in the global market as well as profound relationships with a large number of global pharmaceutical and biotech companies.

Our market position is also attributable to our project management capabilities, which enable us to provide full-cycle service with high quality, efficiency and low cost.

- *Quality*. Over our two decades of business operations and accumulated experience, we have amassed over hundreds of thousands of synthesis and purification records of peptide molecules, covering nearly all aspects of peptide synthesis and modification, including the latest global advancements in peptide chemical synthesis and modification techniques. Our expertise in the techniques and know-how of peptide drug design, modification and synthesis safeguards the high quality of our products and services. At the drug synthesis stage, we enjoy an average success rate of synthesizing new molecules of over 99.95%. We had passed every quality inspections by customers over the past five years. We passed GMP inspections from various regulatory authorities and quality organizations between our inception and the Latest Practicable Date, including five FDA on-site GMP inspections, and three on-site and remote GMP inspections from other overseas regulatory authorities including MFDS, EMA and TGA; over the past five years, we had also passed nine on-site GMP or registration inspection from the NMPA. We had also obtained the ISO9001 and ISO13485 certifications. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any product recall due to quality issues.

- *Efficiency.* Our services across the entire peptide drug development cycle are highly efficient. We share our master production plan across all departments involved in production, ensuring smooth and seamless process transfers. At the clinical development and large-scale production stage, we have put in place various measures to ensure timely product deliveries to customers. We maintain frequent communications with customers and set key milestones and delivery schedules which are subject to periodic assessments and adjustments. We also closely follow up with customers to collect their feedback on each batch of delivery. Our average delivery time of products at the clinical development stage ranges from four to 12 weeks, depending on the complexity and requirements of each project, and our average delivery time for products under large-scale production ranges from eight to 12 weeks, depending on the sequence of peptide.

- *Cost advantage.* Our highly efficient operational system enables us to reduce costs. We primarily work with suppliers based in China to lower freight costs, and leverage our market presence to maintain a strong bargaining power when sourcing raw materials. Our facility is also equipped with advanced peptide synthesis capabilities that enable us to optimize performance and achieve cost-effective production.

Well Positioned to Capture Opportunities in the Sizable and Fast-growing Global TIDES Drug Market, Particularly the GLP-1 Drug Market

As a CRDMO focusing on peptide, we are well positioned to capture the huge opportunities in the sizable global TIDES drug market with rapid growth potential, leveraging our competitive advantages including, advanced TIDES drug synthesis techniques, cGMP and large-scale production capabilities, efficiency in operations and cost, large talent pool, decades of expertise and experience, outstanding reputation, robust intellectual property portfolio and new drug development capabilities.

Peptide Drug Market

Compared to small molecule drugs and antibodies, peptide drugs demonstrate some unique benefits: it has higher activity and stronger selectivity than small molecule drugs, and better stability and lower immunogenicity than antibodies, according to Frost & Sullivan. Compared to biologics, peptide drugs have clearly defined structures, CMC and impurity levels which are governed by regulations in a number of markets. Peptide drugs are applied in the treatment of a wide range of indications, including urinary system, respiratory system, digestive system, endocrine system, central nervous system, cardiovascular diseases, musculoskeletal system diseases, and viral and bacterial infections. Driven by these advantages, the peptide drug market has reached a development inflection point. According to Frost & Sullivan, the number of non-insulin peptide drugs that had obtained regulatory approvals globally reached 76 between January 1, 2015 and the Latest Practicable Date. The global peptide drug market grew from US$60.7 billion in 2018 to US$89.5 billion in 2023 as measured by sales revenue, representing a CAGR of 8.1%, and is expected to further grow to US$261.2 billion in 2032, representing a CAGR of 12.6%, according to Frost & Sullivan.

GLP-1 Drug Market

One particular type of peptide drug product, namely GLP-1, has become a major driver for the rapid growth of the global peptide drug market. We have established business relationships and contracts with a number of pharmaceutical and biotech companies in the field of GLP-1 drug development and manufacturing. We had nine NCE GLP-1 molecule development projects with seven customers in developing oral and/or injectable GLP-1 molecule products as of the Latest Practicable Date.

GLP-1 drug products account for a market share of 43.5% in 2023 within the global peptide drug market in terms of sales revenue, which is expected to further grow to 49.7% in 2032, according to Frost & Sullivan. Several GLP-1 drugs, such as semaglutide, tirzepatide and dulaglutide, have experienced significant growth in sales volume since they were approved. In addition to growth in market size and demand, the global GLP-1 industry has also witnessed the rise of new peptide formulation technologies. Oral GLP-1 drugs are expected to experience significant growth in market size and market share, and represent the most active field of the near future peptide drug development. Oral formulations typically require higher amounts of APIs compared to injectable formulations, and enjoy the advantages of ease of administration and high patient acceptance and compliance, which in turn lead to higher demand for APIs.

We believe the expansion and penetration of GLP-1 drug products is also expected to lead to economies of scale and lower overall costs of production, such as prices of amino acids, which in turn leads to wider adoption of GLP-1 drugs, forming a virtuous cycle.

Market Opportunities for us as a Peptide-focused CRDMO

The production of peptide drugs is complicated and involves highly technical processes. The rapid historical and forecasted growth in the global peptide drug market has led to the accumulation of significant demand for expertise, know-how and human resources on peptide synthesis, development, and cGMP-compliant production which we have accumulated over our two decades of operations and many pharmaceutical and biotech companies do not have. These companies therefore need to engage third-party service providers for such synthesis, development and production services. According to Frost & Sullivan, the percentage of pharmaceutical and biotech companies that outsourced clinical development and production to third-party service providers reached approximately 70% in the global peptide drug market in 2023, higher than 30%-40% for biologics. This reliance on third-party service providers has led to the rapid growth of the global peptide CRDMO market, which increased from US$1.6 billion in 2018 to US$3.1 billion in 2023 as measured by sales revenue, representing a CAGR of 14.8%, and is expected to further grow to US$18.8 billion in 2032, representing a CAGR of 22.0%, according to Frost & Sullivan.

Many such third-party service providers lack the ability to perform full-cycle CRDMO services for peptide drug products. Pharmaceutical and biotech companies therefore often have to engage multiple service providers. Our integrated and comprehensive CRDMO service capabilities, on the other hand, provide customers with full-cycle solutions covering the entire peptide drug development cycle from discovery and preclinical research to clinical development and commercial-stage production, saving them the hassle and costs of having to engage multiple service providers along different development stages.

Oligonucleotide and Other Products in the TIDES Drug Market

Oligonucleotide drugs share many similarities with peptide drugs in terms of drug synthesis techniques, pharmacology and drug development. Key types of oligonucleotide drugs include ASO, siRNA, shRNA, dsRNA, piRNA, PMO, and CpG oligonucleotides and aptamer, among others.

According to Frost & Sullivan, 18 oligonucleotide drugs had obtained regulatory approvals globally between January 1, 2015 and the Latest Practicable Date. The global oligonucleotide drug market grew significantly from approximately US$2.0 billion in 2018 to approximately US$4.5 billion in 2023 as measured by sales revenue, representing a CAGR of 16.9%, and is expected to further grow to US$45.9 billion in 2032, representing a CAGR of 29.6%.

Sustainable Growth Driven by a Diverse and Loyal Customer Base and a Stable and Extensive Project Pipeline, Both in NCE and Generic Drugs

With over two decades of operations and accumulated expertise in the peptide CRDMO industry, we have built a diverse and loyal customer base as well as stable and extensive project pipeline of both NCE and generic drugs to continuously support our business growth.

Our customer base includes early-stage biotech companies, commercial-stage multi-national pharmaceutical and biotech companies, generic drug manufacturers, and top tier research institutions. As of the Latest Practicable Date, we had served over 1,000 customers worldwide. In particular, we have been serving as a stable business partner for 20 internationally renowned research institutions. As of the Latest Practicable Date, we had established stable customer relationships and service footprint in over 50 countries. We offer these customers full-cycle solutions to help them navigate the diversified regulations on peptide synthesis, development and production, and assist them with regulatory submissions and approvals in major markets where our customers operate or intend to commence sales, including major markets such as China, the United States, Japan, Europe, South Korea and Australia.

During the Track Record Period, we had 664, 711 and 707 customers in 2022, 2023 and 2024, respectively. Our customers also demonstrate high loyalty and stickiness. The average length of our relationships with our five largest customers in each year during the Track Record Period is approximately 10 years; many customers choose to retain us for multiple stages as their peptide products progress toward commercialization and large-scale production. We achieved CDMO customer retention rate of 95.4% and 95.4% in 2022 and 2023, respectively. Our CDMO customer retention rate during the Track Record Period is calculated as the number of customers in a given year that remained as our customers until December 31, 2024, divided by the number of all customers in the given year. This is largely due to our deep understanding of our customers' unique requirements and our initiatives to help customers reduce cost and improve product competitiveness. We closely monitor the progress and key performance indicators of each of our customers' projects to ensure we timely allocate sufficient human resources and equipment to incubate projects with the potential to advance into commercialization and large-scale production. Our dedication to customized and high-quality CRDMO services has led to frequent repurchases by existing customers who decide to engage us in their new development projects.

For example, we have been a CRDMO service provider to 3D Matrix Japan, Ltd. since 2006. We collaborated with 3D Matrix Japan, Ltd. to address product purification challenges of its hemostatic gel product, which enabled it to advance its product through clinical development, receive regulatory approvals in Europe and Japan, and subsequently received regulatory approvals in the United States. Such product enjoys several advantages in safety, convenience, and ease of indication expansion, and has significant market potential. Using our Impurity Screening™ platform, we helped another customer MYR Pharmaceuticals (later acquired by Gilead Sciences, Inc.), identify and eliminate impurities concealed in the main peak of bulevirtide (the API of Hepcludex), an issue which had previously stalled their product

development processes. This significantly improved customer's product quality, enhanced stability, and increased product yields. The Hepcludex product was conditionally approved in the European Medicines Agency territories in 2020, then received positive opinion recommending it for full marketing authorization from the committee for medicinal products for human use in Europe in May 2023. We are currently collaborating with Gilead Sciences, Inc. (after its acquisition of MYR pharmaceuticals) in obtaining other regulatory approvals for the bulevirtide product.

We have built an extensive project pipeline. As of December 31, 2024, our project pipeline included 1,217 ongoing CRO projects and 332 ongoing CDMO projects. We have strategically focused on the pipeline buildup in the field of GLP-1. As of the Latest Practicable Date, we had nine NCE GLP-1 molecule development projects with seven customers in developing oral and/or injectable GLP-1 molecule products.

Peptide Production Technology and Large-Scale Production Capabilities, Creating High Entry Barriers

The large-scale production of peptide products faces a variety of unique challenges compared to small molecules or antibodies, such as synthesis complexity, control of impurities, and difficulty of isolation. Our production enjoys a wide ranges of advantages to address these challenges through globally production technologies, tight control of impurity levels, rapid production speed, extensive overall and per-batch production capacity, advanced production equipment, and effective cost control. These advantages have created a high entry barrier for our services.

We have established production technology and large-scale production capabilities for peptide APIs. Our expertise in peptide drug design, modification, synthesis and production control exceeds those of our competitors. Over the past two decades, we had accumulated hundreds of thousands of records on peptide molecule synthesis and purification, covering nearly all fields of peptide synthesis and the latest peptide chemical synthesis and modification technologies. Our team is highly adept in several advanced synthesis methods for complex and long peptide chains, such as solid-phase synthesis, liquid-phase synthesis, hybrid solid-liquid-phase synthesis, and fragment condensation synthesis. We have also mastered the technologies of super-long peptide chain synthesis, cyclopeptide synthesis, difficult sequence peptide synthesis, diversified peptide modification and multiple disulfide bond peptides. Our advanced purification and separation technologies and experiences, such as our Impurity Screening™ platform, help us in the large-scale peptide production, especially those with complex sequences and modifications, as well as in promptly delivering high-quality peptide to our customers.

Our highly efficient operational system centers around innovation and efficiency. Through carefully crafted production protocols and optimized supply chain management, we have achieved advantages in terms of production efficiency, cost, and product quality.

- *Production protocols.* Our production protocols are constantly refined with the involvement and input of personnel along the production process, which we believe contribute to efficient cross-department communications and transparent monitoring of the production workflow, and therefore improve accuracy rate and work efficiency.

- *Supply chain management*. We make detailed and concrete procurement plans during the annual budgeting process based on our sales target and production plans for the next year. This provides more clarity on our procurement needs and enables us to mitigate risks of supply shortages. Such detailed procurement plans also help us obtain favorable pricing through bulk purchases to reduce our production costs.

We have extensive peptide API production capacity equipped with a comprehensive digitized system of project research and innovation. Our cGMP-compliant production facility in Hangzhou has a total gross floor area of over 15,000 square meters, with an annual API production capacity of 500kg and per-batch production capacity of 20kg, capable of handling multiple 100kg level peptide orders. We also have two production facilities under construction in the United States and Hangzhou, with a total gross floor area of approximately 4,000 and 26,700 square meters, respectively, which we believe will significant increase our overall production capacity. Our production facilities are equipped with advanced production equipment supplied by top-tier equipment suppliers such as Jianbang, Hanbang, Cytiva, Agilent, Waters and Thermo Fisher.

Leveraging our production advantages, including advanced technologies, rapid production speed, extensive capacity, and advanced equipment, we have established first-mover advantage and entry barriers in GLP-1 CRDMO services, and have established a rich project pipeline, including a wide range of injectable and/or oral GLP-1 projects from preclinical toxicity research to clinical development and commercial production.

Experienced Management Team and an Efficient and Pragmatic Execution Team

Our core leadership team members have profound academic background and diverse professional experience in the peptide industry. Collectively, they have accumulated vast industry resources and connections, as well as management and entrepreneurial experiences which are necessary to lead our Company to future growth and success. Dr. Xu Qi is our chairwoman of the Board, executive Director and Chief Executive Officer. Dr. Xu joined Chinese Peptide in June 2003 and has served as our Chief Executive Officer since June 2020. She obtained a master's degree and a doctorate degree from Bethune Medical University (currently known as School of Basic Medicine of Jilin University). Prior to joining Chinese Peptide, Dr. Xu served as the director of new drug R&D at Changchun GeneScience Pharmaceuticals Co., Ltd. from 1999 to 2001. Dr. Li Xiang is an executive Director and has

been a Director since January 2022. Dr. Li founded Chinese Peptide in August 2001, and has been its chairman since its establishment. Dr. Li co-founded Zhejiang Handing Pharmaceutical Co., Ltd. in April 2021. He also worked as the Chief Operating Officer of American Peptide Company, which he co-founded, from June 1989 to April 2004. He has accumulated rich experience in managing and operating multinational enterprises, and has built extensive industry connections. With over 30 years of experience in research, production, strategy and management in the peptide industry, Dr. Li has made significant contribution to our growth and enjoys wide industry recognition. Our executive Director and Chief Business Officer, Ms. Cheng Tao, has extensive professional experience in the global CRDMO industry. Ms. Cheng joined us in 2012, and has been leading the global expansion of our business operations. Prior to joining our Company, Ms. Cheng served as a senior vice president at Asymchem Laboratories Inc. Leveraging the accumulated industry experience and insights of our senior leadership team, we have achieved significant growth in business scale and coverage.

In addition, our success is also largely attributable to our experienced business teams consisting of talent with solid background and extensive industry experience. We have also assembled a talented team in the United States, such as our Chief Technology Officer, Mr. Tong Xiaohe, Chief Solution Officer Dr. Liu Baosheng, VP of Business Operations Mr. Godkin David, among others. Our business development team in the United States has an average of over ten years of industry experience. Leveraging the latest industry analysis and insight prepared by our marketing team, as well as their local resources and deep understanding of customer needs, our business development team in the United States are well versed in preparing service proposals that highlight our service capabilities and how such capabilities can cater to the customers' distinct needs.

To ensure a sustainable pipeline of talent with rich industry experience and management and execution skills, we actively recruit qualified candidates worldwide and offer comprehensive training programs and promotion opportunities to current employees. We also hold and participate in various TIDES industry conferences to improve our ability to get acquainted with and attract top industry talent. As of the Latest Practicable Date, our R&D team had 62 employees, nearly 38.7% of whom held a master's degree or above; our manufacturing department had 243 employees, 74% of whom held a bachelor's degree or above mainly in chemical engineering or medicine.

We believe our experienced core leadership team, business teams and employee talent pool serve as the cornerstone of our ability to maintain our competitive advantages and achieve sustainable long-term growth.

OUR STRATEGIES

Solidify Our Position in the Global Peptide-focused CRDMO Industry, and Enhance the Stability and Reliability of Our Global Peptide-focused CRDMO Service Capacity

To further solidify our position in the global peptide-focused CRDMO field, we intend to enhance the stability and reliability of our service capacity worldwide by establishing new production lines and facilities in more countries. Specifically, we intend to focus on the following regions for our growth in production capacity:

- *United States*. We plan to complete the renovation of our Rocklin Site in the first half of 2025, which we expect will increase our annual production capacity by approximately 100-300kg. The Rocklin Site will focus on GMP-compliant production of peptide APIs intended for the North America market, which we believe will ensure stability of our supplies to the local customers.

- *China*. We plan to further enhance the utilization of our existing production facility in Qiantang, Hangzhou. We are constructing our new Hangzhou Biopharma Town Site, which will be dedicated to research, formulation development, and pilot production of peptide and oligonucleotide APIs. In addition to our current facility in Qiantang, Hangzhou and new facility in Hangzhou Biopharma Town Site, we plan to construct or acquire new production facilities in China in the next two or three years, which we expect will increase our annual production capacity by approximately 1,000kg to 2,000kg. This expansion is in response to existing and potentially growing customer demand for GLP-1 products, which are approaching advanced stages of clinical and commercial production.

We have adopted a "going with the compound" strategy where we match production capacity with orders at hand and the development trends of the industry. Many of our current projects are expected to enter into commercial production stage over the next three to five years, driven by (i) the expected commercialization of several of our pipeline projects; (ii) growth in market demand for peptide drug products (particularly GLP-1 products); and (iii) the expected prevalence of generic drugs such as semaglutide (with the expiration dates of patents related thereto falling in 2032, 2026, 2031, and 2031 in United States, China, Japan, and Europe, respectively) and tirzepatide (with the expiration dates of patents related thereto falling in 2036, 2040, and 2037 in United States, Japan, and Europe, respectively) after the relevant patents expire. We believe our global production expansion plans will position us well to capture the above trends and opportunities.

We also intend to expand our services along the TIDES industry value chain. We plan to further build facilities and develop technologies for the formulation development capabilities. We also initiated and intend to further expand our research projects on green chemistry in preparation for energy conservation and emission reduction as we enhance our production capacity going forward, which we believe fulfills our ESG responsibilities.

Strengthen our R&D Capabilities and Further Advance Our Technologies to Maintain Our Competitive Advantages

We plan to focus our R&D efforts on developing the following areas of technologies:

- *Peptide drug CMC and manufacturing platform.* We intend to conduct further CMC research on new TIDES related drugs, including GLP-1, PDC, RDC and POC drugs. Specifically, we intend to develop and streamline analytical and rapid manufacturing technologies on oral GLP-1RA drugs for indications such as diabetes and obesity in response to large expected market demand.

- *Semi-recombinant technology*. Driven by an increase in demand for GLP-1 drugs and increasing needs for cost control, we intend to enhance our R&D on semi-recombinant technology combining chemical and biological synthesis in order to reduce cost.

- *Special and complex API development and production*. Peptide compounds are becoming increasingly complex. The side chain complex modification (use of unusual amino acids and cyclic structures) brings additional challenges to efficient production. We intend to enhance our research into the production techniques of special and complex amino acid APIs and related quality standards, as well as further establish and enlarge capabilities for large-scale API development to satisfy the expected increase in demand and reduce supply chain and delivery risks.

- *Automated production*. We plan to continuously enhance the automated production process. Enhanced automation during the production process is expected to reduce quality risk, increase production efficiency, and improve our competitiveness.

Further Build Our Global Sales Network to Expand Our Customer Base

We plan to establish sales and after-sales service presence in more regions to enrich our operations overseas and expand our customer base. We intend to adopt a dual-level sales team structure, assigning regional customer relationship managers alongside business development personnel who are responsible for developing new customers and nurturing customer relationships to better align our sales activities with corporate strategies and goals while improving our service quality.

Currently, our customers are primarily based in North America and China. We plan to enhance our customer penetration in more regions, focusing on European and Asian countries besides China. We intend to maintain our long-term relationships with existing customers and follow up on the development of their pipeline drugs in order to obtain more projects from them. We will stay ahead of our customers' evolving needs by continuing to offer and expand our CRDMO services in the field of GLP-1 drugs, considering its huge growth potential. We also intend to closely monitor the development trends of PDC, RDC, POC and other peptide drug products to stay on top of the competition and explore new market opportunities.

Strategically Grow Our Oligonucleotide CDMO Business and Diversify Our Service Portfolio

Oligonucleotide drugs have become one of the top development priorities in the global pharmaceutical industry. Oligonucleotide drug products share many similarities with peptide drug products in terms of drug synthesis techniques, pharmacology and drug development. Leveraging our deep and long-standing experience in the global peptide industry, we are well-positioned to ride the industry tailwind of oligonucleotide drugs. Our established production capacity, production technologies, rigorous quality control system and global compliance quality system will enable us to provide high quality CDMO services in the oligonucleotide field with cost advantages and high efficiency. We believe our existing diverse customer base of over 1,000 customers as of the Latest Practicable Date have provided us solid customer foundation to grow our oligonucleotide business. We plan to enhance our integrated oligonucleotide service platform to cover preclinical research, design, synthesis, clinical development and commercial-stage production.

Continue to Attract, Retain and Develop Talent

Our leadership and management team and our dedicated talent base in science, technology, business development and business operations are crucial to our ability to develop new service capabilities, maintain and improve service quality, and retain existing and attract new customers. We intend to continue to recruit, retain and develop qualified employees to carry out our development strategies and capture the growth opportunities in the global TIDES industry. We plan to continue to implement, refine, and expand our employee professional development programs to ensure our employees stay ahead of latest developments in technology, customer demands, and regulatory requirements in the TIDES industry. In addition, we intend to more efficiently allocate human resources to different types of projects to make sure our employees can work on their fields of expertise and interest, and on projects that boost their own credentials. We believe such measures will effectively help attract and retain top talent, who we believe will significantly contribute to our sustainable growth within the industry.

OUR BUSINESS MODEL

We are the third largest peptide-focused CRDMO worldwide in terms of sales revenue in 2023, according to Frost & Sullivan. We are also one of the most comprehensive peptide-focused CRDMO globally, offering full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. We have built an extensive project pipeline. Our services primarily focus on providing customers with APIs rather than drug products. In particular, we mainly provide (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing. Our customers conduct further steps, such as formulations, to mix the APIs with excipients to create the final dosage forms of drug products, such as tablets, capsules, or injections. During this process, our customers determine the appropriate dosage form, route of administration, and formulation to ensure the drug's stability, controlled release,

and effectiveness, and then use the final drug products for their clinical trials or commercial sales. We have established stable customer relationships and service footprint in over 50 countries, including major markets such as China, the United States, Japan, Europe, South Korea, and Australia. We provide our customers with peptide drug development, production, and CMC filing support services that meet regulatory requirements in major markets worldwide.

Major projects refer to projects with revenue contribution over RMB5.0 million for each year. We had six, nine and ten major projects in 2022, 2023 and 2024, respectively. The total revenue contribution of the major projects is RMB138.5 million, RMB175.8 million and RMB246.6 million in 2022, 2023 and 2024, respectively, accounting for 39.5%, 52.2%, and 55.8% of the total revenue during the same year, respectively.

We had a total of 1,492, 1,449 and 1,549 ongoing projects as of December 31, 2022, 2023 and 2024, respectively. The following table sets forth the beginning and ending balance of our project numbers and changes in the number of projects for the years indicated.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Number of ongoing projects at the beginning of the period			
Peptide			
– CRO	2,090	1,237	1,129
– CDMO	207	255	317
Oligonucleotide			
– CRO	–	–	3
Number of new projects secured during the period			
Peptide			
– CRO	8,788	8,611	8,998
– CDMO	69	79	27
Oligonucleotide			
– CRO	–	6	32
Number of projects closed during the period[(1)]			
Peptide			
– CRO	9,641	8,719	8,935
– CDMO	21	17	12
Oligonucleotide			
– CRO	–	3	10

	For the Year Ended December 31,		
	2022	2023	2024
Number of ongoing projects at the end of the period			
Peptide			
– CRO	1,237	1,129	1,192
– CDMO	255	317	332
Oligonucleotide			
– CRO	–	3	25

Notes:

(1) For CRO projects, a project is considered closed once the products have been delivered and payment has been received. For CDMO projects, a project is considered closed once the project is completed or discontinued.

Our CRO orders typically represent the earliest stages of research and development activities by universities, research institutions, and commercial enterprises. Early-stage research projects are by nature highly exploratory, and as a result, some of these engagements may be intended as one-time engagements at the outset driven by specific research objectives, and many of these projects do not progress to later stages. These projects also inherently carry a high risk of failure at such early stage. Certain other CRO projects may foster ongoing collaboration if the synthesized peptide becomes a potential clinical candidate. During the Track Record Period, we provided services for four projects from four customers, covering stages from CRO to CDMO during the CMC development stage. We also worked on five projects from four customers, progressing from CDMO at CMC development stage to commercial manufacturing stage.

For NCE CDMO projects at CMC development stage, the duration is typically 1-2 years, 1-4 years, 1-3 years, and 3-4 years for preclinical stage projects, Phase I trial projects, Phase II trial projects, and Phase III trial projects, respectively. The total contract value ranges from US$50.0 thousand (approximately RMB0.4 million) to US$1.6 million (approximately RMB11.3 million), US$0.5 million (approximately RMB3.5 million) to US$4.0 million (approximately RMB28.2 million), US$1.0 million (approximately RMB7.1 million) to US$15.0 million (approximately RMB105.8 million), and US$5.0 million (approximately RMB35.3 million) to US$35.0 million (approximately RMB246.8 million) for preclinical stage projects, Phase I trial projects, Phase II trial projects, and Phase III trial projects, respectively.

All of our commercial-stage CDMO projects are still ongoing, and total contract value and duration are expected to continue to change going forward. The customers for whom we undertook these projects generally have in place master agreements without definitive overall or minimum purchase amounts. Actual purchase amounts are determined through specific purchase orders separately placed in the course of the projects. While these master agreements typically have a validity period, the master agreements would also typically provide for a

contract renewal mechanism for parties to extend the validity period in the original master agreements. Therefore, the provisions in the master agreements signed at the beginning of these commercial stage CDMO projects do not provide definitive contract value or duration of these projects.

For generic drug projects, from development stage to market approval, the project duration is typically 3-7 years and the total contract value ranges from approximately US$0.2 million (approximately RMB1.4 million) to US$3.0 million (approximately RMB21.2 million).

As of April 30, 2025, the amount of backlogs (representing confirmed purchase orders with specified amount that had not been fulfilled or delivered) was RMB349.0 million, consisting of RMB34.3 million and RMB314.7 million from CRO and CDMO services, respectively.

Our Fee Models

Our service fee arrangement can be primarily divided into two types: (i) fee-for-service model and (ii) full-time-equivalent model.

FFS Model

During the Track Record Period, we generated fee income substantially on an FFS basis for the services provided. We generally receive payments in accordance with a pre-agreed payment schedule specified in the contract or work order. The payment schedule sets out the fees for services we provide at relevant discovery, development or manufacturing steps that fall under the scope of work in the contract or work order. We determine the fee level based on the scope of the services, the estimated costs and expenses, and the estimated amount of time to deliver our services, among others. Our service contracts and work orders under the FFS model typically include a detailed schedule that sets forth specifications of and anticipated time required for completing each step as well as the corresponding payment. Revenue is recognized at a point in time when we transfer control of the distinct services or products to our customer upon (i) receipt for domestic customers; and (ii) delivery to designated carriers or locations for overseas customers in accordance with applicable delivery terms in the FFS contracts.

In pricing our contracts, we evaluate factors such as market positioning, prices of comparable services offered by our competitors, the success of the project, degree of saturation of the market, market trends, complexity of the services required, costs of our services, timeliness, and market trends. During the Track Record Period, under the FFS model, the typical range of duration of peptide CRO and CDMO projects is approximately 1-4 weeks and 1-4 years, respectively. Based on the nature and specific considerations pertaining to a particular project, the total service fees we charged for different projects varied broadly during the Track Record Period: under the FFS model, for our CRO projects, the fee for each project that we charged typically ranged from approximately RMB1.4 thousand to RMB14.1 thousand; for our CDMO projects at CMC development stage, the fee for each project that we charged

ranged from approximately RMB0.4 million to RMB246.8 million. Our CDMO projects at commercial manufacturing stage are typically larger in sizes compared to CRO and CDMO projects at CMC development stage because they involve provision of services at a larger scale and for a longer time period.

FTE Model

We also generate income under the FTE model. During the Track Record Period, the FTE model applied for the CRO service only. Under the FTE model, we allocate employees to our customer's projects at a fixed rate per employee per period of time. During this period of time, the designated employees are dedicated to such customer's project exclusively. Customers simultaneously receive and consume benefits as services are performed. FTE billing is based on the number of scientists and research technicians and the amount of time spent on a given project, among other considerations. The term of our FTE contracts may range from several months to multiple years and are subject to renewal. Therefore, the performance obligation of FTE services is satisfied over time. During the Track Record Period, under the FTE model, the fee for each CRO project that we charged ranged from approximately RMB3.5 thousand to RMB35.3 thousand. For FTE model, revenue will be recognized over the service period. The typical deliverables under FTE model is work hours of designated employees spent on projects designated by a customer. Revenue is recognized over the service period of the designated employees. If such projects are suspended, revenue is recognized based on their current stage as determined through communications with customers.

The table below sets forth a breakdown of our revenue by fee model for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
FFS	331,576	94.5	326,803	97.1	425,322	96.2
FTE	17,981	5.1	9,550	2.8	16,551	3.7
Others	1,283[(1)]	0.4	421[(2)]	0.1	353[(2)]	0.1
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

Notes:

(1) Others in 2022 relate to (i) lease income; and (ii) revenue from sales of raw material. In March 2021, we disposed of the entire equity interests of Prometheus Bio to Hangzhou Haiding. Despite this disposal, one contract remained effective in 2022, under which we sold raw material to Prometheus Bio in 2022, generating revenue. For further details of our disposal, please refer to the section headed "History, Development and Corporate Structure."

(2) Others in 2023 and 2024 relate to lease income.

For details on our revenue recognition mechanism, please see the paragraph headed "Financial Information—Material Accounting Policies, Judgments and Estimates".

Payment Term

Under the FFS model, a contract or work order typically comprises a number of tasks, each including several discovery, development and/or manufacturing steps. We bill our customers by task and typically give our customers a credit term within 30-60 days. We typically require our customers to make prepayments for the initiation of a task, a portion of the corresponding payment upon the commencement of each task and the remaining payment after we complete such task and meet the requirement of our customers. Under an FFS contract or work order, we are typically required to deliver a CoA, in some cases technical laboratory report. Upon the delivery of CoA or other deliverables requested by our customers as set forth under the contracts, the relevant discovery, development or manufacturing step is deemed to be completed and revenue is recognized.

Under the FTE model, we typically require the customer to make monthly payments for services rendered with a credit term of 30 working days. We typically provide a base rate by combining human resource cost, depreciation of equipment, cost of raw material and other expenses. After accounting for our profit margin, we give our customers a quote of monthly or yearly rate and, if accepted, enter into an agreement or a work order with them. We bill our customers based on the actual time and number of employees we allocate to their relevant projects. Under an FTE contract or work order, we are typically required to deliver a CoA and/or other deliverables to the customer upon completion of each discovery milestone.

OUR SERVICES

Peptide CRDMO Services

During the Track Record Period, we derived 99.6%, 99.9% and 99.9% of our revenue from peptide CRDMO services in 2022, 2023 and 2024. For details, please see "—Our Fee Models." Peptides, comprising 2-99 natural amino acids in living organisms, are organic compounds with a molecular weight of less than 10,000 Da. Peptides represent a distinct class of pharmaceutical compounds, molecularly poised between small molecules and proteins, yet biochemically and therapeutically distinct from both. As intrinsic signaling molecules for many physiological functions, peptides present an opportunity for therapeutic intervention that closely mimics natural pathways and play a central role in numerous physiological processes in the human body, including hormones, neurotransmitters, or in inflammatory responses. Peptides have been investigated across the therapeutic spectrum, reflecting the potential utility across a wide range of indications, particularly for chronic disorders such as metabolic, oncology and inflammatory musculoskeletal diseases.

One particular type of peptide drug product, namely GLP-1, has become a major driver for the rapid growth of the global peptide drug market. GLP-1 drug products accounted for a market share of 43.5% in 2023 within the global peptide drug market in terms of sales revenue, which is expected to further grow to 49.7% in 2032, according to Frost & Sullivan. Several GLP-1 drugs, such as semaglutide, tirzepatide and dulaglutide, have experienced significant

growth in sales volume since they were approved. In addition to growth in market size and demand, the global GLP-1 industry has also witnessed the rise of new peptide formulation technologies. Oral GLP-1 drugs are expected to experience significant growth in market size and market share, and represent the most active field of future peptide drug development. Oral formulations typically require higher amounts of APIs compared to injectable formulations, and enjoy the advantages of ease of administration and high patient acceptance and compliance, which in turn lead to higher demand for APIs.

We believe the expansion and penetration of GLP-1 drug is also expected to lead to economies of scale and lower overall costs of production, such as prices of amino acids, which in turn leads to wider adoption of GLP-1 drugs, forming a virtuous cycle. We have established business relationships with a number of biotech companies and multinational pharmaceutical companies in the field of GLP-1 drug development and manufacturing.

In addition, competition in the CRDMO market for GLP-1 products may intensify as the growing GLP-1 market attracts more market entrants. We believe we enjoy the following competitive advantages to compete in the GLP-1 CRDMO market. We have an established experience in peptide API manufacturing, which enables us to deliver a wide range of high-quality peptide API products. Our efficient production processes and stringent cost control capabilities enable us to offer competitive pricing for customers. We strategically locate our facilities in the United States and China to better capture growth opportunities worldwide.

As of the Latest Practicable Date, we had successfully filed FDA drug master files for semaglutide under development. We are also preparing for tirzepatide DMF, and expect to make the submission in the first half of 2025. Additionally, we had nine NCE GLP-1 molecule projects under development spanning from preclinical to clinical stage as of the Latest Practicable Date.

Our project pipeline also includes a variety of peptide projects related to generic products targeting indications such as diabetes, gastrointestinal tract diseases, and oncology. Besides semaglutide, we had submitted DMF or obtained regulatory approvals for several other major generic drug products, such as leuprorelin acetate, semaglutide and triptorelin acetate. In order to satisfy more diverse customer needs, we also have other major generic products under development, including tirzepatide, difelikefalin, triptorelin pamoate, and teduglutide, all of which have patent protections.

The research, development, and manufacturing of peptides pose a unique set of challenges that span various stages of the pharmaceutical pipeline. One significant challenge lies in the inherent complexity of peptide structures, often characterized by intricate sequences and specific folding patterns critical to their biological activity. Achieving optimal synthesis efficiency while maintaining high purity levels represents a constant challenge, particularly with longer or modified peptide sequences. Additionally, scalability can be an issue, as translating laboratory-scale synthesis to large-scale production demands meticulous optimization to ensure reproducibility. Balancing cost-effectiveness with the need for sophisticated analytical techniques for quality control further compounds the challenges.

Addressing these hurdles requires interdisciplinary collaboration, innovative technologies, and a deep understanding of peptide chemistry to navigate the intricacies associated with bringing peptide-based therapeutics from research concepts to successful commercial manufacturing.

We are a full-service peptide-focused CRDMO with vertically-integrated capabilities in the development and manufacturing of peptide drugs. Given the complex and highly technical nature of peptides which make the development and manufacturing of peptides a time consuming and capital-intensive process, our tailored services are ideally suited for peptide pharmaceutical and biotech companies seeking outsourcing solutions for their development and manufacturing needs.

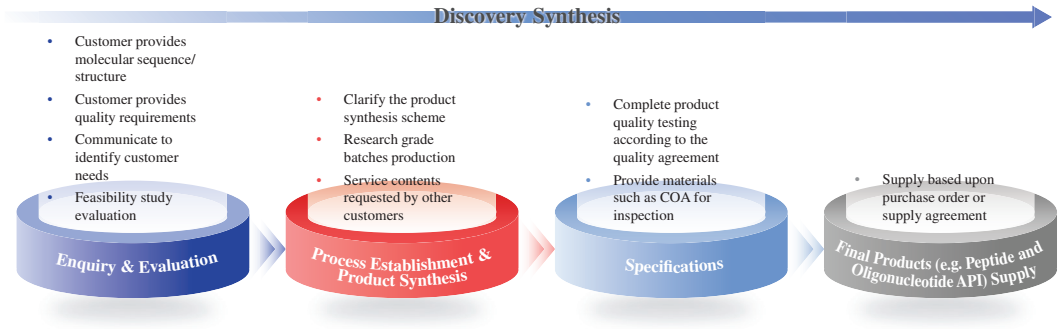
CRO Services

Discovery Synthesis

We possess extensive technologies in the field of peptide synthesis and modification, demonstrating proficiency in various techniques. Our adeptness extends to employ diverse protection strategies to obtain chemoselectivity in a subsequent chemical reaction, including Fmoc, t-Boc, and Cbz.

In the realm of drug discovery, researchers face the daunting task of screening through tens of thousands of molecules to pinpoint one or two promising preclinical candidates. A paramount concern at this stage is the swift and cost-effective execution of drug screening. Our focus lies in designing and synthesizing innovative peptides and related organic compounds tailored to our clients' specifications. In these types of engagements, clients typically provide explicit details regarding the desired molecular structures or sequences of the products, along with specific quality requirements for early-stage research. We conduct thorough feasibility assessments based on the molecular sequences provided by our clients, meticulously outlining the synthesis strategy for each product. Our team then orchestrates the synthesis process and mobilizes our technical experts to prepare the products. Quality testing is rigorously conducted in accordance with our clients' specifications, ensuring that each product meets their standards before final delivery is completed.

The following chart illustrates the operational flow from engagement to delivery for CRO services:



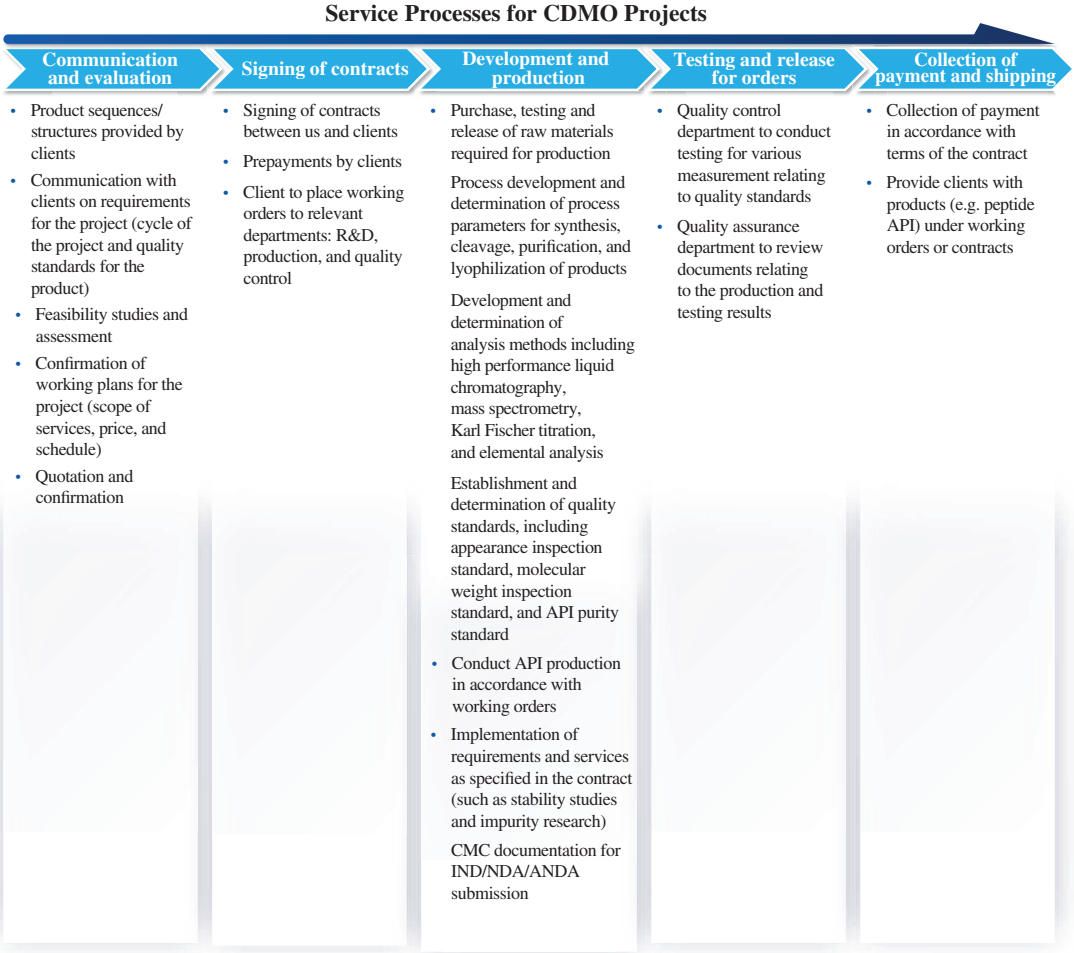
Over the past two decades, we had accumulated deep experience consisting of thousands of records on peptide molecule synthesis and purification, covering nearly all fields of peptide synthesis and the latest peptide chemical synthesis and modification technologies. Our team is highly adept in several advanced synthesis methods for complex and long peptide chains, such as solid-phase synthesis, liquid-phase synthesis, hybrid solid-liquid-phase synthesis, and fragment condensation synthesis. We have also mastered the technologies of super-long peptide chain synthesis, cyclopeptide synthesis, difficult sequence peptide synthesis, diversified peptide modification and multiple disulfide bridge peptides. Our advanced purification and separation technologies and experiences, such as our Impurity Screening™ platform, help us in the large-scale production of peptide products, especially those with complex sequences and modifications, as well as in promptly delivering high-quality peptide products to our customers. For details of our R&D technology, see "—Research and Development—R&D Technology Platform" section below.

CDMO Services

Our peptide CDMO services encompass comprehensive support for non-GMP preclinical manufacturing, Phase I, II and III clinical development, generic drug development and commercial manufacturing. The regulatory approval and pre-commercialization development pathway for generic drugs is typically different from the process of NCEs. Specifically, the development process of NCEs typically includes preclinical studies, IND application, Phase I, Phase II and Phase III trials and NDA submission. In contrast, many generic drugs can apply for regulatory approval, such as ANDA, directly after the completion of analysis of reference listed drug, process development, process validation, stability studies manufacturing, and bioequivalence studies, without the need for additional clinical trials which are necessary for NCEs. The following table sets forth detailed service scope of our CDMO service.

The following charts illustrate the operational flow from engagement to delivery for CDMO services.

Service Processes for CDMO Projects



API Manufacturing

Equipped with cGMP facilities built according to international standards, we are capable of developing large-scale API manufacturing processes that are cost-effective, environmentally friendly and sustainable for long-term supply. We are able to seamlessly transfer API manufacturing processes from laboratory into production and rapidly scale up the processes, to support drug candidate selections and toxicology studies and clinical studies and meet aggressive timelines required by our customers.

Our API manufacturing capabilities include:

- Design and development of new and existing synthetic routes, fit-for-purpose optimization and scale-up of manufacturing from preclinical to NDA filings;

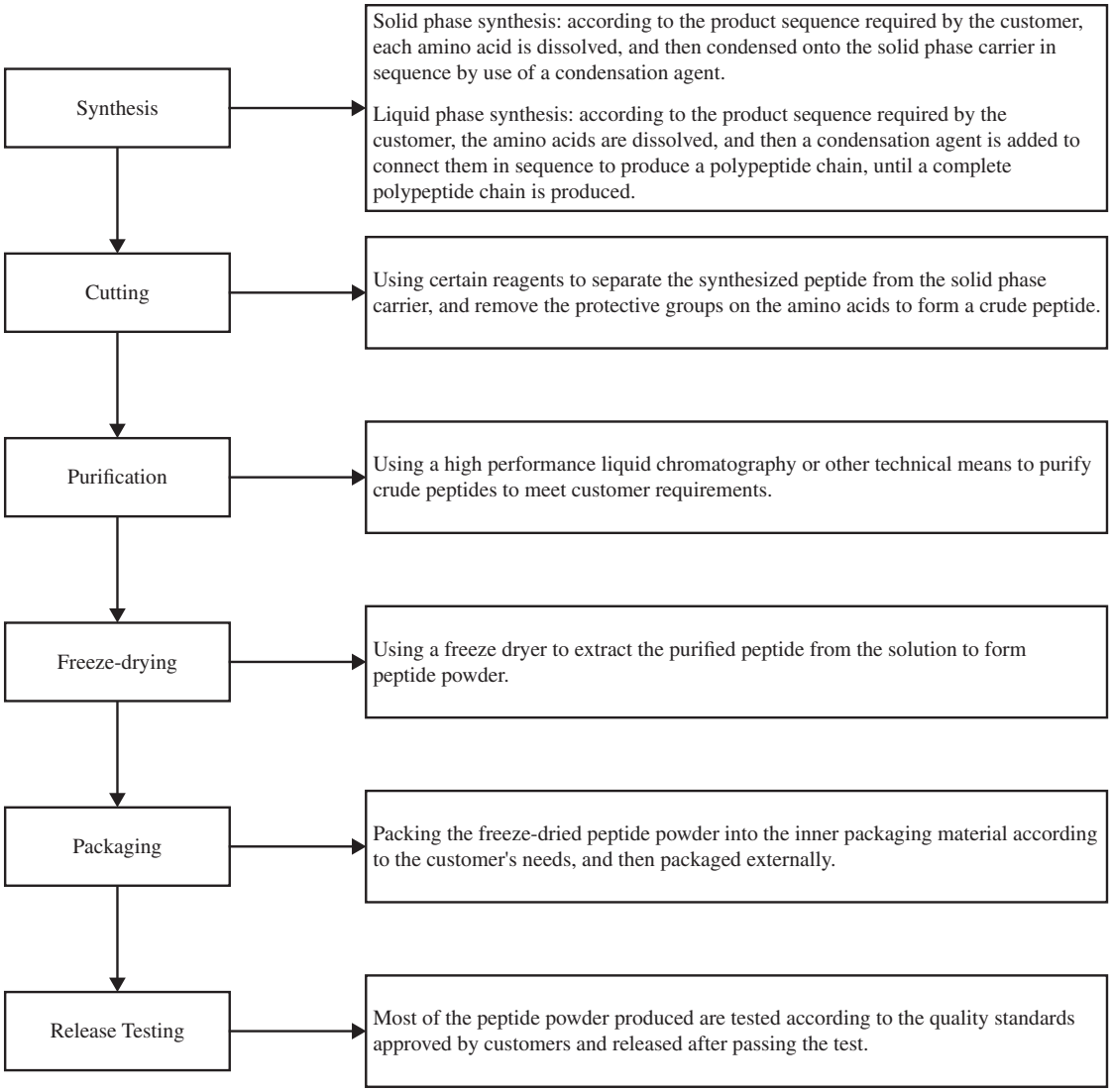
- Lyophilization, precipitation and spray-dry of drug substance for process development;

- Development of synthetic routes and scalable processes for complex peptide drug substances;

- Definition and study of critical process parameters to support validation of manufacturing processes for the cGMP or non-cGMP production of drug substances; and

- Design and development of cost-effective, safe and environmentally friendly synthetic routes for the commercial production of drug substances to kilograms scales.

The following chart sets forth the peptide production flow and process.



Process Development and Validation

Our process development service focuses on the development of full-scale industrial manufacturing processes for preclinical, clinical and commercial production, ensuring that production can be achieved in a cost-effective and accelerated manner. Leveraging our team's significant technical and practical experience, we have developed highly specialized technology to address the challenges inherent in efficiently manufacturing the complex peptide product candidates. Our peptide synthesis and purification techniques develop robust processes suitable for clinical development and process validation and commercial manufacturing. In the production of peptides, different stages of the same batch, particularly synthesis and purification, are typically carried out on separate production lines. Our process development services are integrated with our analytics development and cGMP manufacturing of peptide drug substances. Many of our manufacturing projects involve compounds that we developed the scale-up methodology used in the process chemistry.

Throughout the process development, we deliver a scalable platform technology to provide optimal peptide product quality and yield. We begin preliminary manufacturing process design of peptide drug substances based on the peptide sequence and commercial projection/indication from the customers, followed by comprehensive process development and characterization using high-throughput technology and small-scale models. Process confirmation is executed by gradually scaling up our production from gram in preclinical studies, and then finally scaled up to tens to hundred kilograms for use in clinical trials and, eventually, commercial production. At each manufacturing scale, we develop and conduct measures to ensure that it is safe, efficacious, and consistent from one manufacturing batch to another.

We rapidly develop phase-appropriate process from laboratory scale to large scale, which can be transferred to production lines seamlessly. Our production team establishes appropriate production equipment train based on the developed process and manufactures products in compliance with cGMP practices to support clinical trials and assist our customers in accelerating the drug development timetable.

Process validation ensures that we can consistently and reliably produce final products at predetermined standards. In process validation, we follow the established process, use materials procured from reliable vendors and manufacture through specifically designed production equipment to produce drug substances with the desired quality. To generate sufficient data for NDA filing, we produce at least three continuous batches of products following the established process and analysis method. We measure and validate each stage of the manufacturing process and monitor each product's chemical, physical, and microbiological characteristics, or critical quality characteristics, as well as various other process control parameters, to ensure that the final product outputs remain within our customers' quality standards as well as other business objectives.

Each process that we develop for our customers is transferred with an end-to-end process assessment plan that evaluates and integrates development work, process conformance and continuing verification. By performing an integrated assessment that goes beyond simply inspecting conformance, demonstration lots or the final products, we can ensure that the products and its process will remain consistent throughout the entire product lifecycle. We have accumulated extensive knowledge to provide our customers an efficient and successful regulatory filing, process validation, and ultimately commercial manufacture process.

Analytical Development

We use advanced equipment to develop sophisticated methods for analyzing and characterizing peptides to meet the high regulatory requirements from global regulatory agencies, such as the FDA, the EMA, the TGA and the NMPA. Our analytical team provides comprehensive analytical testing support for process development and the manufacture of peptide drug substances, such as peptide drug substances release testing, and stability test. Our analytical team adheres to regulatory guidance on supply chain assurance for quality control.

The research process for APIs encompasses several key stages aimed at ensuring the quality, safety, and efficacy of the final product. It begins with studying the quality of starting materials and intermediates, followed by confirming the structural integrity through various analytical techniques such as amino acid sequencing and peptide mapping. Subsequently, comprehensive analyses are conducted to assess the quality of the API, including identifying characteristics, analyzing impurities, and developing analytical methods. Standards for API quality are then established, specifying limits for impurities and outlining strategies for controlling genotoxic substances. Reference standards are created for comparison and validation purposes, and research extends to evaluating packaging materials and containers. Furthermore, studies delve into understanding factors that may influence API quality. Lastly, long-term stability testing is performed to ensure product integrity over time, adhering to internationally recognized guidelines such as those climatic conditions for stability studies outlined in the ICH Q1 series. Overall, this rigorous research process forms the foundation for developing safe and effective pharmaceutical products.

Stability Studies

Stability is a key attribute for drug molecules. We provide many types of stability study services under room temperature, 2-8 degree, freeze temperature and also accelerated conditions to support all phases of drug development. We can efficiently manage stability studies and have the infrastructure to carry out these studies in full compliance with the cGMP regulations. Our facilities include temperature and humidity controlled stability chambers that maintain humidity and temperature with a backup system and redundancies for each critical system to ensure uninterrupted maintenance of stability conditions throughout the study.

We offer a full range of ICH stability conditions and provide total stability management. We develop and validate stability-indicating methods for our customers, provide stability study protocol, and produce stability report to support our customers' needs for IND, NDA and ANDA filings. We prepare and approve protocols to perform stability study under both accelerated condition and long-term condition. Upon completion of analytical testing at each time point, the results will be summarized in a stability report.

Upon the commercialization of drug candidates, ensuring the ongoing stability of API is paramount to their efficacy and safety. We also specialize in providing comprehensive on-going stability studies to support post-commercialization efforts. Through meticulous monitoring and analysis, we assess the long-term stability and shelf-life of drug substance under various environmental conditions. Leveraging our facilities and advanced analytical techniques, we conduct stability testing to evaluate the physical, chemical, and microbiological characteristics of the products over time. Our goal is to provide valuable insights into product stability trends, enabling our clients to make informed decisions regarding product formulation, packaging, and storage conditions. By maintaining product quality and compliance with regulatory requirements, we help to ensure the continued success and integrity of pharmaceutical products in the market.

Regulatory Documents

We have extensive expertise and experience with regulatory filings in the United States, the European Union, China and other jurisdictions. We are proficient in the interpretation and application of worldwide drug approval regulations. We pay close attention to changes between clinical trials and NDA filings, as well as data integrity and manufacturing compliance during NDA filings. As our business expands, we are proud to report a significant contribution to our clients' success in obtaining IND and NDA approvals.

CMC dossier preparation for IND application and NDA approval is a critical component in the journey of bringing pharmaceutical products to market worldwide. As part of our services, we are able to generate the complete CMC data package required for our customers' regulatory filings as an extension of our ongoing process development services. Our regulatory teams work closely with our customers to ensure alignment of regulatory filing strategies. In addition, we employ our knowledge of scientific, business, and legal matters to ensure that projects meet the expectations of the relevant regulatory bodies. Our strong communication, cross-functional coordination, and experienced project management provide our customers high-quality and integrated services that lead to regulatory compliance and approval.

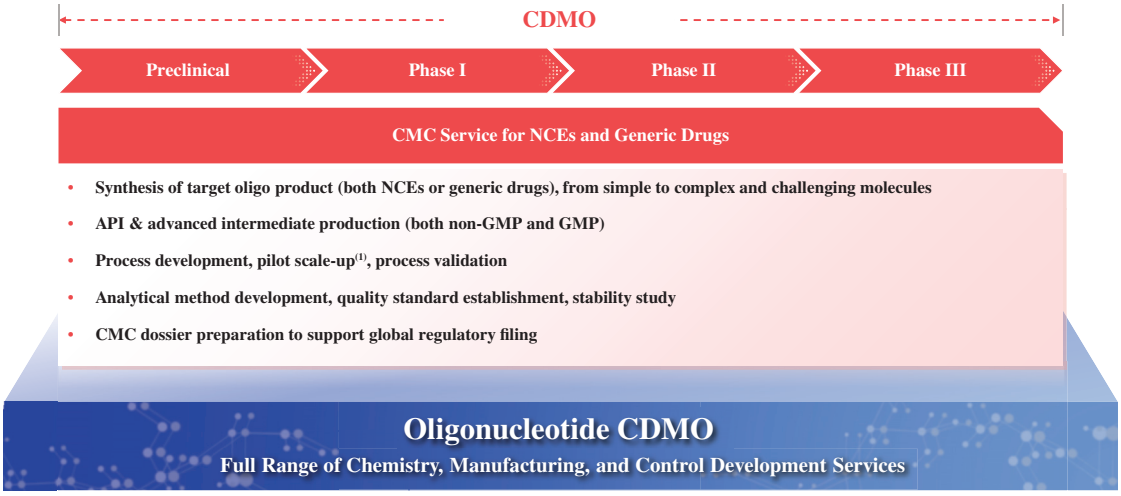
Emerging Services: Oligonucleotide CDMO Services

With key technologies breakthroughs in delivery technology, oligonucleotide is becoming a fast-growing drug modality. According to Frost & Sullivan, the global market of oligonucleotide drugs, a novel type of chemical drug with significant growth potential, reached US$4.5 billion in 2023, will continue to grow steadily in the coming years, and is expected to reach US$45.9 billion by 2032.

Leveraging our deep industry insights, established R&D and manufacturing capabilities, we began to assemble a team and prepare production lines for oligonucleotide CDMO projects, and promoted our oligonucleotide CDMO business to potential customers in 2021, which had not generated revenue as of the Latest Practicable Date. Much like peptides, oligonucleotide therapy demands expertise in solid-phase synthesis and protecting group chemistry. Our downstream processing includes purification via chromatography, ultrafiltration/permeation, precipitation, and lyophilization, following the same fundamental principles as peptide API production.

We have capabilities in producing various types of oligonucleotides, including but not limited to ASO, with various modification, such O-methoxyethyl, LNA and O-ethyl, siRNAs with various modification, such as O-methylation, F, vinyl-phosphate and conjugates, PMO, PNAs, miRNAs, aptamers, CpGs and decoys. Our expertise extends to various conjugation techniques for oligonucleotides, including but not limited to POC, peptide-PMO conjugate, CPP, CPP-PNA conjugate, Oligo-GalNAc, and Oligo-O-C16. As of the Latest Practicable Date, we had completed 42 oligonucleotide CRO projects.

The following chart illustrates the details of our emerging oligonucleotide CDMO services:



Notes:

(1) Pilot scale-up refers to the process of transforming a lab-scale product into a commercially viable product by developing a reliable manufacturing technique. This technique is designed to accommodate various output volumes, which are typically larger than lab-scale.

(2) Our services primarily focus on providing customers with APIs rather than drug products. We do not produce drug products that are directly used in clinical trials or commercially.

Our Formulation Capabilities

Our formulation capabilities are a crucial component of our CDMO services. Drawing from extensive expertise, our formulation team excels in formulation development, quality research, pilot-scale process transfer, analytical method development, stability studies, and document preparation for regulatory submissions. We offer comprehensive formulation services to support our customers, in particular:

- we provide expertise in formulation process development, tailoring processes to meet specific requirements and ensure optimal product outcomes.

- we assist in selecting, qualifying, and managing the most suitable CDMO for formulation needs, overseeing the entire process from identification to ongoing collaboration, including facilitating the transfer of formulation processes and ensuring adherence to quality standards through signed quality agreements.

In addition to our current initiatives, we are embarking on research and development efforts focused on oral solid formulations. This expansion reflects our commitment to innovation and meeting the evolving needs of our customers and the market. By venturing into oral solid formulations, we aim to broaden our product portfolio and offer enhanced solutions that address diverse therapeutic requirements. We are upgrading our laboratory infrastructure and leveraging our team's proficiency in capsule and tablet research, positioning us to embark on oral solid formulation projects tailored to emerging needs and market demand.

Formulation study and process development encompass the selection of dosage forms, formulation study selection, and formulation process development. We select dosage forms by carefully reviewing the specific clinical usage needs. Formulation study selections involves selecting excipients based on the properties of the APIs and the characteristics of the dosage form, aiming to enhance the stability of peptide drugs and prevent adverse interactions between excipients and APIs. During process development, it is essential to fully understand the factors which could cause instability in peptide drugs. In formulating the production process, efforts should be made to avoid long-term or short-term instability of peptide drugs, such as the use of pH regulators and pH shift, adsorption of containers and filters, and sterility assurance levels.

Like APIs, we conduct comprehensive study on the quality of formulations using advanced facilities and equipment to meet the requirements of global regulatory guidance. We licensed in formulation technology from 3D Matrix Japan, Ltd. in China and further partnered with 3D Matrix Japan, Ltd. on the formulation of PuraStat, an advanced absorbable hemostat product for the Chinese market, showcasing our innovative capabilities in hemostatic agents. Additionally, we collaborated with REIG JOFRE, a Spanish pharmaceutical company listed on the Spanish Stock Exchange market, on the development and commercial exploitation of a peptide, a specialized generic pharmaceutical injectable. These partnerships highlight our expertise in formulation and commitment to advancing high-quality pharmaceutical solutions, underscoring our ability to meet diverse medical needs.

FACILITIES

Our Current Facilities

Our operations in China are conducted through our Qiantang Site, covering a vast cGMP campus with approximately 26,000 square meters. Within Qiantang Site, we have constructed a cGMP facility with GFA of over 15,000 square meters. Our production facilities adhere rigorously to cGMP as mandated by major regulatory authorities globally, including the NMPA, the FDA, the EMA, the TGA and MFDS. We have successfully passed FDA inspections five times as of the Latest Practicable Date. Furthermore, our facility holds ISO9001 and ISO13485 certifications for quality management systems.

As of the Latest Practicable Date, our Qiantang Site housed 19 peptide synthesis production lines ranging from 20L to 1,000L, alongside 16 purification production lines. Our Qiantang Site has an annual peptide API production capacity of 500kg and per-batch production capacity of 20kg with utilization rate of 68.2% (average usage of total 19 synthesis line and 16 purification lines) in 2023, capable of handling multiple 100kg level purchase orders. The Qiantang Site also has the capacity to manufacture 1-17kg of oligonucleotides per year.

Below are photographs of our Qiantang Site:

The following table sets forth a summary of certain key information about our Qiantang Site, as of the Latest Practicable Date. For more property information about this sites, see "—Properties."

Site	Site Area (sq.m.)	Owned/ Leased	Primary Use	Capacity	Utilization Rate[1]
Qiantang District, Hangzhou	25,927 (parcel of land), 20,275.4 (facility GFA)	owned	Peptide CRO and CDMO services Oligonucleotide CDMO services	Peptide: • 19 peptide synthesis production lines ranging from 20L to 1,000L, alongside 16 purification production lines • annual API production capacity of 500kg and per-batch production capacity of 20kg[3] Oligonucleotide: • 1-17kg/year	• 68.9% (2022) • 68.2% (2023) • 83.5% (2024)[2]

(1) The utilization rate for a particular year is calculated by averaging the monthly utilization rates. The monthly utilization rate is calculated by dividing the actual days in that month that our facilities are in operation to carry out manufacturing projects for customers (including the days for actual manufacturing, the necessary clean-up steps, equipment maintenance and validation, audits, production line sharing and suitability assessments, and non-production days such as public holidays during which no new production arrangements are initiated) divided by the total number of calendar days in the respective month.

(2) The utilization rate increased in 2024 because the projects we took on in 2024 were more complex and required additional time to carry out manufacturing compared to those in 2022 and 2023.

(3) Our Qiantang Site has 16 purification lines. Each production line can complete between six to 12 production batches annually. The largest production line has a maximum production capacity of 20kg per batch (calculated using Semaglutide as an example). Actual production capacity per-batch may be slightly different for certain products with higher process yields due to differences in molecule structure, chemistry reaction and process and production technique. In total, the 16 purification production lines can provide an annual API production capacity of 500kg.

(4) We allocate production lines to each new order by considering factors including the clinical stage of the product, batch requirements, process characteristics, and toxicological assessment of share-line suitability study, and then determine which production line will be used. The costs arising from the above processes are typically included in customers' fee payment under their service agreements. For commercial stage CDMO projects, once a project has been allocated a production line per the above process, the customer would not switch to other production lines during the entire lifecycle of the project.

The current utilization rates for our key production lines have reached a very high level. We define key production lines as (i) synthesis production lines with reactors at high capacities; and (ii) purification lines with large diameters. According to the above criteria, we have 14 key production lines as of the Latest Practicable Date, including six synthesis lines and eight purification lines, accounting for nearly 90% of our total synthesis and purification capacities. The average monthly utilization rates for these 14 key lines reached 73%, 73.3% and 89.6% in 2022, 2023 and 2024, respectively. The monthly utilization rate is calculated as the actual days in that month that our facilities are in operation to carry out manufacturing projects for customers (including the days for actual manufacturing, the necessary clean-up steps, equipment maintenance and validation, audits, production line sharing and suitability assessments, and non-production days including public holidays that had no production arrangement) divided by the total number of calendar days in the same month. The monthly utilization rate for certain manufacturing lines could reach as high as 93.3%. Such high utilization rates of our key production lines are primarily due to increases in customers' demand for our API products as we strengthen and develop relationships with existing and new customers, which we believe is attributable to our full-cycle service capability with quality, efficiency and cost advantages, extensive peptide portfolio, and established production capability.

Our international operations are based in Rocklin, California, the United States. We boast a robust business development and administrative support team stationed in the United States, engaging directly with clients. This approach empowers us to swiftly and flexibly address customer needs and have face to face meetings, tailoring solutions to their specifications. Backed by seasoned professionals with extensive industry knowledge and a rich pool of customer resources, our business development team affords us a distinct competitive edge. Additionally, our Rocklin Site can mitigate potential risks of BIOSECURE Act passed on September 9, 2024 by the United States House of Representatives in the United States as well as potential additional 20% tariff on imports from China. For details, please see "Risk Factors—Risks Relating to Doing Business in Jurisdictions Where We Operate—Changes in geopolitical relationships, international trade policies and other tensions may impact our business operations."

Our Facility Expansion Plans

United States Expansion Plan

We intend to expand our capacity and capabilities across our business in the United States and China to meet customers' increasing demand and capture the rapid growth of the peptide CRDMO market. In 2022, we acquired the California production facility of Rocklin Site, which occupies approximately 12,000 square meters of land, boasting a building area of approximately 4,000 square meters. Our Rocklin Site is currently under construction, and upon completion, is expected to provide GMP-compliant production, analytical development, quality control release and stability testing services for peptide APIs, accommodating production

single batch capacities ranging from grams to kilograms. We plan to complete the construction of Rocklin Site (including installation of equipment) in the second half of 2025, which we expect will increase our annual production capacity by approximately 100-300kg.

We believe the establishment of a production base in the United States enhances our ability to deliver more convenient and efficient services to our clients. The establishment of our new API manufacturing facility in Rocklin represents a strategic milestone aimed at providing stable international supply chain solutions to our valued customers. This expansion allows us to foster even closer technical communication with our clientele, enabling us to better understand and address their specific needs and challenges. By strategically locating our facility, we enhance our agility and responsiveness, ensuring seamless collaboration and delivering superior value to our customers worldwide.

Below are photographs of our Rocklin Site which was under renovation as of the Latest Practicable Date:

China Expansion Plan

In China, we are constructing our new facility of Hangzhou Biopharma Town Site, which will be dedicated to research, formulation development, and pilot production of peptide and oligonucleotide. Spanning an area of approximately 10,000 square meters, with a building space of approximately 26,700 square meters, the finalized Hangzhou Biopharma Town Site will embody a pharmaceutical research and production facility, featuring a ten-story main building and a three-story podium. As of the Latest Practicable Date, the primary structural construction of Hangzhou Biopharma Town Site has been completed, with interior renovation to commence in the second half of 2025. We expect Hangzhou Biopharma Town Site to commence operation in the second half of 2025.

Below is a photograph of our new Hangzhou Biopharma Town Site which was under construction as of the Latest Practicable Date:

To address the growing demand in the global peptide CDMO market and improve production efficiency, we further plan to expand our facilities within the existing Qiantang Site. The Qiantang Site spans approximately 26,000 square meters and includes a GMP facility covering over 15,000 square meters. The expansion will utilize approximately 6,500 square meters within the current site for the installation of new facilities and equipment. We commenced the expansion of Qiantang Site in October 2024 and expect to complete the expansion by the end of 2025, achieving an additional annual productivity of 500kg. Upon completion, the Qiantang Site will have a total annual production capacity of up to 1,000kg. This project aims to optimize the use of existing resources, enhance facility efficiency, and strengthen our production capabilities.

Moreover, in addition to Qiantang Site and Hangzhou Biopharma Town Site, within the next two to three years, we intend to either construct or acquire new production facilities in China. This strategic move is projected to bolster our annual production capacity by approximately 1,000kg to 2,000kg. This expansion plan is in response to growing existing and potential customer demand for GLP-1 products, which are approaching advanced stages of clinical and commercial production.

The following table sets forth a summary of certain key information about our facility expansion plans as of the Latest Practicable Date.

Site	Site Area (sq.m.)	Owned/ Leased	Expected Primary Use	Expected Capacity	Expected Operation Date
Rocklin Site	11,736 (parcel of land), 3,832 (facility)	Owned	Peptide APIs Production	100-300kg/year	2026
Hangzhou Biopharma Town Site	10,000 (parcel of land), 26,700 (facility)	Owned	• R&D and administration • Formulation development • Peptide and oligonucleotide pilot production	N/A (R&D focused)	Second half of 2025
Qiantang Site	26,000 (parcel of land), 15,000 (facility)	Owned	Peptide APIs Production	1,000kg/year	The end of 2025

We estimate the total capital expenditures for our expansion plans of Qiantang Site, Rocklin Site, Hangzhou Biopharma Town Site and a new production facility in the PRC to be HK$234.4 million, HK$273.5 million, HK$78.1 million, and HK$626.6 million, respectively. As of the Latest Practicable Date, the total capital expenditure of Hangzhou Biopharma Town Site is expected to be fully funded with the net proceeds from the Global Offering of HK$77.8 million, and the capital expenditure of Qiantang Site, Rocklin Site, and a new production facility in the PRC is expected to be funded through a combination of (i) the net proceeds from the Global Offering of HK$77.8 million, HK$155.6 million, and HK$264.4 million, respectively, and (ii) additional funds generated from our CRDMO service cash flows. The aforementioned estimation of the net proceeds from the Global Offering assumes an Offer Price of HK$29.50 per H Share (being the mid-point of the indicative range of the Offer Price of HK$28.40 to HK$30.60 per H Share), and upon deduction of the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering. For further details, please see the section headed "Future Plans and Use of Proceeds" in this Prospectus. We believe our expansion plans will not affect our cost structure and future profitability in any material aspects; while we expect depreciation cost to increase after the expansions, we also expect increases in revenue as we could take on more projects and generate more revenue with the expanded capacity.

In addition, all existing and new facilities are or are designed to be capable of manufacturing GLP-1, provided that the toxicological assessment of share-line suitability studies permits the manufacture of GLP-1 with existing products.

RESEARCH AND DEVELOPMENT

Our R&D Team

We boast an expert team dedicated to peptide research and production with rich professional knowledge and project experience. We are capable of meeting the production needs of peptides ranging from simple to complex and challenging molecules. Our team is proficient in various peptide synthesis methods, and excel in synthesizing complex sequences, difficult sequences, and super-long peptide spanning two to 200 amino acids.

As of the Latest Practicable Date, our R&D department included 62 employees, nearly 38.7% of whom hold a master's or doctoral degree. We have consolidated all research and development activities into CITRI (CPC Innovative & Technology Research Institute). Our centralization initiative is designed to bolster synergy, streamline resource allocation, and cultivate innovation, facilitating swift execution of new projects and offering integrated solutions throughout our organization. This concerted effort ensures a cohesive approach towards accomplishing our objectives. The structure of our R&D team comprises several specialized units, each led by an experienced leader and supported by a dedicated team. These units are excel in various domains: process development, emphasizing the creation of efficient synthesis processes; analytical capabilities, focusing on separation technologies and the development of analytical methods; and specific technological areas such as multiple-cyclic peptides, peptide conjugation techniques, GLP-1 technologies, green chemistry, formulation studies, and spray dry technologies, among others. The workflow of our R&D activities include several stages such as project initiation, small-scale research, pilot-scale research, collaboration with process validation, and regulatory submission.

We incurred research and development expenses of RMB21.0 million, RMB23.1 million, and RMB28.7 million in 2022, 2023 and 2024, respectively.

R&D Technology Platform

For years, we have served as a trusted partner in the realm of peptides CRDMO, collaborating with a variety of multinational corporations, biotech companies, and esteemed research institutions worldwide. We have attained this status through continual innovation in synthetic peptide technologies, a commitment that has been pivotal to our success. By bolstering our efforts in R&D, we reinforce our capacity to innovate, ensuring that we remain at the forefront of the field and continue to deliver advanced solutions to meet the evolving needs of our customers and the industry as a whole. We have established several research centers including the "Zhejiang Province International Science and Technology Cooperation Base", "Zhejiang Province Enterprise Research Institute", "Zhejiang Province High-Tech Development Center", "Zhejiang Province Postdoctoral Research Workstation" and "National Post-doctoral Research Center", through which we collaborate with universities, institutions, international companies and local companies to facilitate our R&D technology.

We have mastered key technologies essential for super-long peptide chain synthesis enabling the synthesis of peptides up to 200 amino acids in length through both stepwise synthesis and various ligation methods. Additionally, our expertise extends to diverse cyclic peptide cyclization techniques, encompassing disulfide bonds with bridges, head-to-tail cyclization, side chain to side chain cyclization, staple cyclization, and multiple cycle cyclization. Furthermore, our capabilities include a wide array of peptide modifications such as N-methylation, peptoid, peptide aldehyde, peptide alcohol, side chain modifications, incorporation of unusual amino acids, and synthesis of small molecular structures. We also specialize in selective disulfide bond analysis, ensuring precise characterization of peptide structures and functionalities. By employing innovative purification and separation technologies, our process development and scale-up capabilities ensure stable commercial production processes suitable for large-scale production of complex sequences and peptide modifications. We can promptly provide high-quality peptide products to our customers.

Our proprietary technological platforms include:

***OmniPeptSynth*™**

In the realm of peptide synthesis, we boast extensive technical expertise. Leveraging our proprietary OmniPeptSynth™ platform, we excel in efficiently and precisely synthesizing a wide range of peptides, from complex to challenging sequences, and even super-long peptides. Continually innovating, we employ a blend of protection strategies (including Fmoc, t-Boc, and Cbz) and advanced synthesis techniques (including mixed solvents, microwave-assisted synthesis, high-salt systems, polyethylene glycol-polystyrene resin, and more) to overcome hurdles such as coupling super-long peptides, synthesizing cyclic peptides, and tackling challenging sequences.

In comparison to the industry standard of 30 minutes for individual amino acid coupling in peptide synthesis, as reported by Frost & Sullivan, our advanced solid-phase peptide synthesis device reduces peptide synthesis cycles and enhances production efficiency, achieving a connection time for individual amino acids of typically just 5-10 minutes. This injects fresh vigor into our clients' projects. Over the past two decades, our OmniPeptSynth™ platform has amassed a repository of records detailing the synthesis and purification of hundreds of thousands of peptide molecules. Encompassing majority facets of peptide synthesis, this trove of data and expertise cements our industry-leading position. These invaluable resources not only provide robust support for expediting client projects but also underpin our solid standing in the industry.

***PeptiConjuX*™ *and PeptiNuclide LinkTech*™**

Our PeptiConjuX™ and PeptiNuclide LinkTech™ platforms provide customized synthesis, conjugation, development and production of conjugate peptide API products. Specifically, we provide RDC peptides and linker to customers who perform the final RDC

conjugations. We also provide the POC and PDC peptides as well as the conjugated POC and PDC products to customers. As of December 31, 2024, we had successfully synthesized approximately 3,200 molecules through our PeptiConjuX™ and PeptiNuclide LinkTech™ platforms.

Peptide modification technology plays a pivotal role in altering the structure of peptide chains and side-chain groups, effectively enhancing their physicochemical properties. This includes improvements in water solubility, stability, biological activity, and prolonged efficacy in vivo. Our PeptiConjuX™ platform integrates advanced peptide modification techniques, such as proprietary on-resin cyclization, N-methylation, phosphorylation, glycosylation, and diverse forms of PEGylation. Notably, we excel in modifying MAPs, cyclic peptides (e.g., single-cycle peptides comprising amide bonds, single thioether bonds, and linked disulfide bridge peptides, stapled peptides, bicyclic peptides, and tricyclic peptides).

Within this platform, we have developed a refined set of labeling processes encompassing conjugation, fluorescence, biotinylation, acylation, among others. Our product development spans various research domains, including immunology, oncology, genetics, among others. Presently, we have more than 40 labeling offerings, providing customers with a diverse range of choices. Moreover, our PeptiConjuX™ platform offers tailored development services for a variety of peptide drug conjugates, such as peptide-radionuclide conjugates, peptide-toxin conjugates, peptide-oligo conjugates, and peptide-antibody conjugates, empowering customers with innovative molecular solutions.

The PeptiNuclide LinkTech™ platform stands as our premier in-house solution for peptide-nuclear drug conjugation. As of the Latest Practicable Date, our PeptiNuclide LinkTech™ platform had successfully synthesized approximately 4,007 peptide precursor molecules incorporating chelating agents like DOTA, NOTA, DOTAGA, NOTAGA, DTPA, hydrazinonicotinic acid, and crown chelating agents. With an extensive repository of data and hands-on experience, we offer customers high-quality and efficient solutions.

At the heart of the PeptiNuclide LinkTech™ platform lies our precision in synthesizing peptides and nuclear drugs, coupled with our conjugation techniques. Moreover, we possess specialized expertise in controlling impurities in peptide precursor molecules for nuclear drug conjugation and selecting packaging materials and containers suitable for this type of product. Through our PeptiNuclide LinkTech™ platform, clients can access products meeting stringent quality requirements, directly applicable to clinical settings, and catering to diverse pharmaceutical needs, including drug delivery, targeted therapy, and imaging diagnosis.

GreenSynth Innovations™

GreenSynth Innovations™ stands as a cornerstone of our advantage in the realm of green chemistry. This platform is dedicated to reshaping production processes, minimizing the use and generation of harmful substances and driving down production costs, all in line with our commitment to sustainability. Under the banner of GreenSynth Innovations™, we have embarked on a series of initiatives:

- We have optimized our synthesis solvent usage procedures, slashing solvent consumption and refining the addition of dimethylformamide. These refinements have not only boosted synthesis efficiency and curbed side reactions but have also significantly slashed reagent usage and waste discharge.

- We have implemented dimethylformamide reduction technology, strategically reducing its usage in peptide synthesis to streamline costs. This practice has been seamlessly integrated into our GMP manufacturing, providing our customers with dual benefits: economic savings and environmental stewardship. By optimizing our processes and minimizing dimethylformamide usage, we not only enhance cost-effectiveness but also contribute to a more eco-friendly manufacturing approach. This commitment to sustainability underscores our dedication to delivering high-quality products while minimizing our environmental impact, aligning with our values of innovation, efficiency, and responsible business practices.

- Further enhancements include streamlining cutting processes, simplifying ether precipitation steps, and reducing the usage of trifluoroacetic acid and ether, thus lowering costs and waste discharge. Moreover, by adopting direct base neutralization techniques, we achieve cost efficiencies by minimizing the need for additional chemicals and complex processes, thus reducing procurement, handling, and disposal expenses. This approach also lowers waste generation and disposal costs, while requiring less energy compared to alternative methods, contributing to overall energy efficiency and operational cost reduction. Furthermore, by streamlining the neutralization process, we mitigate environmental impacts, including pollution and resource depletion, aligning with our commitment to sustainability and responsible environmental stewardship.

- The introduction of GreenPepisolate™ peptide green separation technology marks a pivotal advancement in our production processes, showcasing a remarkable increase in peptide yields by more than 70%. This innovation not only elevates product quality and process stability but also stands as a sustainable alternative to traditional freeze-drying methods. By embracing GreenPepisolate™, we not only reduce reliance on costly equipment and minimize energy consumption but also underscore our commitment to environmentally conscious practices. This dual benefit of enhanced efficiency and sustainability drives forward our mission for excellence while minimizing our ecological footprint.

These initiatives underscore our commitment to innovation and environmental stewardship in the field of green chemistry. As we forge ahead, our ongoing acetonitrile replacement project promises to further reduce the use of harmful solvents and drive cost efficiencies. GreenSynth Innovations™ is expected to continue to drive our business forward, laying a robust foundation for sustainable growth in the future.

Impurity Screening™

Due to the intricate nature of peptide and oligonucleotide synthesis processes, it is common to encounter related impurities like misjoins and deletions after multiple chemical reactions. These impurities create mixtures comprising both the desired product and structurally similar ones. Effectively monitoring impurities and efficiently purifying the target product to enhance yields and diminish impurities pose challenging hurdles in the industry. Drawing from our extensive experience in peptide drug research, we have established a comprehensive and effective impurity research platform, namely Impurity Screening™. This platform boasts mature and unique processes for analyzing and preparing peptide impurities, alongside dedicated technical support.

In impurity preparation, our skilled technical team excels in the targeted synthesis of various peptide-related impurities, including those arising from the process itself or degradation. Leveraging efficient coupling technologies, we swiftly synthesize a wide array of impurities, significantly expediting the peptide drug development process. Our impurity research spans analysis, structural identification, and targeted synthesis, offering holistic support for peptide drug development.

In impurity analysis and identification, we utilize equipment such as high-throughput screening analysis technology based on the high-performance liquid chromatography instrument Agilent 1260, enabling simultaneous, rapid screening of potential impurities across multiple channels and systems. Additionally, our Agilent 1260-6530A Q-TOF LC/MS System accelerates the structural identification of various impurities. Through process optimization, impurities are effectively detected, identified and removed, ensuring product purity and stability, thereby maximizing drug efficacy in clinical settings.

Regarding peptides, the identification and control of multi-ring peptide impurities resulting from disulfide bonds have long posed challenges in the industry. Currently, most products of this type in the industry are produced using natural cyclization methods, often yielding low cyclization rates and generating a slew of impurities due to disulfide bond mismatches. This necessitates complex purification processes. Through our targeted synthesis technology, we ensure correct pairing to alleviate purification pressures, significantly improving overall product yields. Meanwhile, our Company has conducted extensive research and development in the structural confirmation and impurity analysis of peptide drug substances containing multiple disulfide bridge peptides. Over years of production and research, we have developed a novel method based on chemical cleavage and mass spectrometry, the DisulfideDetect™ technology, addressing the industry-wide challenge of confirming the structures of peptides containing multiple disulfide bridge peptides.

In addition to the above, we have the following technologies that distinguish us from our peers:

***GreenPepisolate*™**

GreenPepisolate™ stands as a separation solution designed specifically for peptides. Serving as a cost-effective alternative to freeze-drying methods, it not only reduces equipment expenses but also minimizes energy consumption, aligning seamlessly with national carbon neutrality initiatives. By overcoming common challenges in peptide separation processes, such as product oiliness, gel formation, and filtration complexities, GreenPepisolate™ ensures high-efficiency peptide separation while maintaining superior product purity and yield. GreenPepisolate™ includes (i) high-throughput separation system screening technology. By simultaneously screening over 20 solvents, we swiftly identify the optimal solvents for product separation, reducing screening time from weeks to days. This innovative approach not only enhances separation efficiency but also effectively reduces the randomness of system screening, leading to further cost reductions; and (ii) separation of peptide raw materials and short peptides. In addressing the separation of peptide raw materials and short peptides, we employ direct separation methods alongside comprehensive process control. The direct separation method, with its integrated solvent usage, bypasses the intricate purification steps typically associated with traditional synthesis processes. This results in a substantial reduction in solvent consumption and operation cycles while concurrently lowering process mass intensity to the environmentally-friendly level.

In our focus on peptide products, we prioritize a thorough control of every aspect of the separation process. Through precise data collection and experimental oversight, we guarantee both product quality and process stability. Utilizing GreenPepisolate™ technology, we have successfully achieved efficient and environmentally friendly peptide separation, significantly improving both product quality and process stability. With separation yields ranging from 70% to 100%, our peptide production receives dependable technical support, establishing a robust foundation for future advancements.

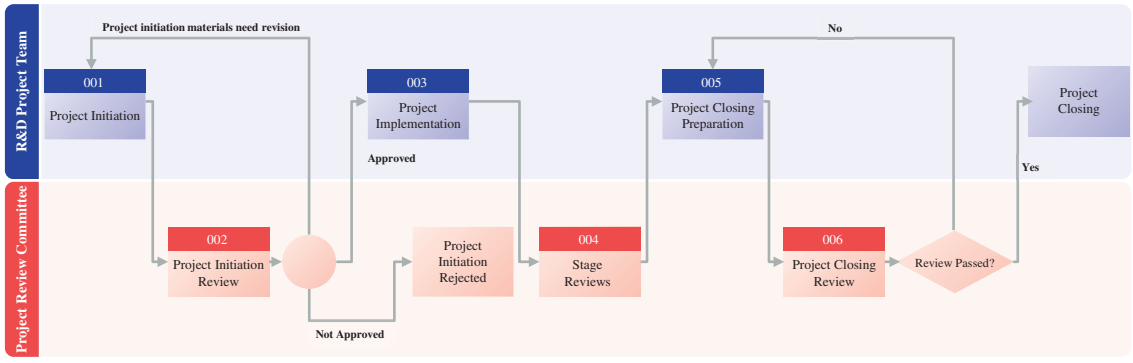
***DisulfideDetect*™**

DisulfideDetect™ is an advanced technology for analyzing the localization of disulfide bonds. These bonds are crucial chemical links intricately tied to the structure and function of peptides and proteins. When peptides contain multiple cysteine residues, various pairing configurations of disulfide bonds can occur. Therefore, accurately and swiftly pinpointing these bonds within peptides is vital for studying the relationship between peptide structure and function. We have dedicated extensive research and development efforts to the structural confirmation and impurity analysis of peptide drug substances containing multiple disulfide bridge peptides. We have pioneered a novel method, DisulfideDetect™, based on chemical cleavage and mass spectrometry, to tackle the challenge of confirming the structures of peptides with multiple disulfide bridge peptides. Utilizing this analytical technique, we have successfully achieved precise localization of multiple disulfide bridge peptides in peptide chains such as Linaclotide.

Our R&D Process

We consistently monitor the latest research and development trends and market dynamics, along with the sales expectations of relevant products. We initiate research and development projects at opportune moments, following comprehensive market research and technical assessments to ensure project feasibility and market potential. The project initiation process typically encompasses assessments of market demand, technical feasibility, risk and financial viability.

For a visual representation of the R&D process, please refer to the diagram below:



Currently, our primary research and development focuses include novel peptide therapeutics (including GLP-1 analogs), development and production technology enhancements for high-volume generic drugs, green synthesis, continuous purification, and drying technologies, among others. We prioritize areas such as metabolism (diabetes and weight management), oncology, immunomodulation, gastrointestinal pancreatic diseases, and other niche or high-volume markets.

PROJECT MANAGEMENT

We believe that we have an established reputation among our customers for high quality and productivity, rapid turnaround and comprehensive customer support. We generally assume full project management responsibility for our projects. We strictly adhere to our internal quality and project management processes. We believe our processes, methodologies and knowledge management systems reduce the overall cost for our customers and enhance the quality and speed of delivery.

We have developed a project management methodology to ensure timely, consistent and accurate delivery of quality services. We take the following measures to achieve effective project management:

- Project Planning and Control: We meticulously devise comprehensive project plans outlining milestones and critical tasks. Through consistent monitoring and adjustments, we ensure adherence to timelines for timely project delivery.

- Resource Allocation and Optimization: We distribute project resources, encompassing manpower, equipment, and funds, to maximize productivity and resource efficiency.

- Risk Management: Our approach involves thorough identification and assessment of project risks. We implement corresponding measures to effectively manage and control these risks, thereby minimizing the likelihood of project delays and quality issues.

- Team Collaboration: We foster an environment of efficient team collaboration, promoting seamless communication and cooperation among cross-departmental and cross-functional teams. This ensures smooth project progression and alignment of efforts towards shared objectives.

- Continuous Improvement: Through regular project reviews and summaries, we gather feedback and insights. These are utilized to continuously enhance our project management processes and methodologies, striving for ongoing improvement in the quality and efficiency of project delivery.

Upon receiving a new project from a customer, our project management team will set the schedule of the project and liaise with other departments, including the relevant business units, to determine the staffing of the project team. A project manager and an account manager are usually appointed to oversee the entire project. Project manager assigned on a project team are typically divided into several groups based on the type of services to be provided. Each group is assigned a group leader who is responsible for supervising the services carried out by such group and reporting back to the project manager. Our project management team also works closely with the account manager to monitor the progress of the project and liaises with the customer. To ensure our service quality, each technical report will be reviewed by the head of the relevant business units before being submitted to the customer.

To facilitate project management, our project team communicates with our customers through emails, reports and regular conference calls. Our project management involves strict adherence to our strategic imperative to protect our customers' intellectual property and other confidential information. See "—Intellectual Property" for more information. In addition, we conduct frequent customer satisfaction surveys with customers, which enable us to measure key performance indicators to improve our planning, execution, evaluation, and support. We focus internally on operational improvement and innovation to achieve lower direct costs, better use of assets, faster discovery and development time, increased accuracy, greater customization or precision of data, more added value, and simplified processes. Dedicated to improving responsiveness to our customers' needs and inquiries, our customer support team focuses on sales support and relationship management with our customers.

Our project management team is dedicated to handle customer queries and complaints, and provide comprehensive training to our customer service personnel to ensure consistent and high-quality service. Upon receiving feedbacks from a customer, our project manager will immediately follow up until the issue is resolved. We received 13 customer complaints during the Track Record Period and up to the Latest Practicable Date, including damaged packaging, incorrect product label or product solution with impurities. We resolved all complaints in a timely manner and we believe that such customer complaints did not have a material adverse impact on our customer relationships or business operations. During the Track Record Period and up to the Latest Practicable Date, we did not have any material customer complaints.

QUALITY MANAGEMENT

We believe that an effective quality management system for procuring raw materials, R&D and manufacturing is critical to ensuring the quality of our services and maintaining our reputation and success. We seek to ensure that our services consistently meet high industry standards and requirements. We have established a quality assurance and quality control department, which is responsible for supervising the implementation of the quality standards. Based on the research and development and specific manufacturing processes of drug substances, we have established comprehensive quality control measures for our operations, covering procurement of raw and auxiliary materials, research and development and process development, and manufacturing of intermediates, drug substances.

As of the Latest Practicable Date, our quality assurance and quality control department consisted of a total of 100 staff members, primarily holding undergraduate degrees, with pharmacy, chemistry, biology, pharmaceutical-related majors being the main field of study. All relevant personnel have obtained professional qualifications for their respective positions. The average work experience of the staff members in our quality assurance and quality control department is five years.

We have implemented a comprehensive training management protocol to ensure systematic and professional development opportunities for our employees on a regular basis. Training is structured at various organizational levels, including company-wide, departmental, and position-specific training. It is further categorized based on position requirements, encompassing job qualification training and on-the-job instruction. Additionally, training sessions are conducted both internally and externally. We employ a variety of methods for training delivery, including presentations, self-paced learning modules, hands-on demonstrations, supervised practice, group discussions, and video-based instruction.

Each year, a detailed training plan is crafted to address regulatory updates and operational needs for different levels. This plan covers a wide array of topics including regulatory compliance, updates from pharmacopoeias, current GMP for all employees and microbiological knowledge, job-specific skills, and environmental health and safety. Upon implementation, training sessions are assessed, documented, and monitored to ensure effectiveness. Following completion, evaluations are conducted to gauge the impact of the training and inform future development initiatives.

In addition, we have implemented relevant internal control policies, measures and procedures for all of our business departments regarding each of the drug discovery, development and manufacturing stages, educating the relevant employees about such policies, measures and procedures, addressing their questions, submitting suggested revisions to such policies, measures and procedures to the internal control department and regularly monitoring the implementation of such policies, measures and procedures. Furthermore, We provide our employees with regular training on these measures and procedures as part of our employee training program. We also regularly monitor the implementation of these measures and procedures through our internal audit department at each stage of the drug development process.

Raw Material and Equipment

We have established stringent procedures for qualifying suppliers and conducting supplier audits. These procedures extend to material receipt, inspection, and storage management. The purchase department oversees material procurement, while the material department manages material receipt, inspection, and storage. Our quality control department handles material sampling, testing, and release, while quality assurance department conducts supplier audits and approvals.

Raw materials are categorized into critical, major and general categories based on their impact on production processes and product quality. For peptide CRDMO services, all protected amino acids or structure modifying compounds and separation media are considered critical raw materials, such as Fmoc-L-Ala-OH, Boc-Pro-OH, (R)-DOTA-GA(tBu)4, and rink amide linker. The major raw materials are important to complete the production, such as coupling reagent 2-(1H-benzotriazole-1-yl)-1,1,3,3-tetramethyluronium hexafluorophosphate, 1-hydroxy-7-azabenzotriazole, and 2-(5-norbornene-2-yl)-1,1,3,3-tetramethyluronium tetrafluoroborate. The general materials are common chemical materials such as solvents that are less critical to the overall production processes, including DMF, alcohol, and Acetonitrile. Supplier audits, either through on-site visits or questionnaire surveys, are conducted periodically according to materiality classification. Raw materials must be sourced exclusively from approved suppliers, with annual evaluations of material suppliers conducted regularly. There were not major raw materials quality issues during the Track Record Period and up to the Latest Practicable Date.

Each raw material is assigned a unique company-issued identification code, and all production materials have established quality specifications (with a specification code) aligned with product manufacturing processes. Incoming materials are accompanied by supplier testing reports and undergo testing based on quality specifications. Only materials meeting requirements are released for production, while rejected materials are not used in production. Separate warehouses are maintained for raw materials, organic solvents, packaging materials and final products. Warehouses are segmented into quarantine, released and rejected areas based on material status. Raw material inventory is checked monthly by the material department. We employ meticulous procurement planning during annual budgeting, aligning with sales targets and production forecasts. This proactive approach minimizes the risk of supply shortages and enables us to leverage bulk purchasing for cost savings.

Save as contact equipment for manufacturing products, our strategy emphasizes the shared use of key production equipment across various projects to optimize resource allocation. Additionally, each production team implement tailored plans to maximize equipment utilization at the department level, aligning with our overarching strategy. Equipment and spares are procured exclusively from reputable suppliers. Installation qualification, operational qualification, and performance qualification of equipment and instruments related to GMP production and testing activities are conducted, ensuring compliance with acceptable criteria prior to use. Routine cleaning, maintenance, preventive maintenance, calibration, and qualification of equipment and instruments are carried out according to established procedures to ensure operational integrity. Regular communication with technical support staff of equipment suppliers facilitates maintenance and upgrades as needed.

R&D and Process Development Procedures

We have implemented comprehensive standard operating procedures to ensure the quality of our services and compliance with applicable domestic and international regulations. Our R&D department is responsible for formulating experimental plans for process development and quality research, collecting and analyzing research data, evaluating experimental results, and establishing specifications for raw materials and final products. Additionally, our R&D team systematically investigates process routes, screens parameters, and analyzes potential impurities to optimize processes. Structural confirmation and impurity studies are conducted to support process and quality assessments. Our R&D team also oversees technology transfer and provides support for regulatory submissions. We maintain a dynamic approach to production protocols, fostering collaboration and feedback from all our personnel involved. This promotes streamlined communication across departments, enhancing accuracy and efficiency in our workflow.

Manufacturing

We have developed standard operating procedures for in-process control in the manufacturing process. We have compliance and internal control quality assurance department to review the integrity of each batch of products manufactured, in order to ensure that cGMP-compliant quality standards are maintained during the manufacturing process. Our quality control staff take samples from each batch of products and laboratory technicians carry out quality testing on each batch of final products and issue testing reports based on the results. Samples that fail to pass the inspection are disposed of in accordance with the requirements of our operating procedures for non-conforming products. In addition, the on-site quality assurance staffs are also responsible for the monitoring and supervision of clean environment of workshops to ensure the cleanliness requirements of our facilities and the quality supervision of manufacturing process, and ensure the data are attributable, legible, contemporaneous, original and accurate.

Our quality control system throughout the peptide manufacturing process has undergone and consistently passed constant inspections and supervisions by customers and various regulatory authorities worldwide over the past two decades, which serves as a testimony to our rigorous quality control measures over production equipment, techniques and products.

SALES AND MARKETING

Our Team

Operating globally, our sales center boasts dedicated sales and marketing teams in both China and the United States. In Asia, our sales team is segmented into three sub-teams which focus on sales to China north regions, China south regions, and Asia-Pacific regions, respectively. Similarly, our sales in the United States is structured with teams covering the east coast and west coast of the United States, and a dedicated team concentrating on sales within the Western Hemisphere, including Europe and the Americas outside the United States. Led by our senior vice president of business development, and senior vice president of strategic portfolio, our business development team in the United States has an average of over ten years of industry experience. Leveraging the latest industry analysis and insight prepared by our marketing team, as well as their local resources and deep understanding of customer needs, our business development team in the United States is well versed in preparing service proposals that highlight our service capabilities and how such capabilities can cater to the customers' unique needs.

In tandem with our sales efforts, our sales and marketing team plays a pivotal role in crafting strategic campaigns and initiatives to bolster brand visibility and market penetration. Comprised of seasoned marketers with expertise in various facets of the industry, our marketing team ensures alignment of messaging and promotional activities with overarching business objectives. Leveraging comprehensive market research and customer insights, our marketing professionals devise targeted strategies to effectively position our products and services, drive demand generation, and nurture customer relationships. Moreover, our marketing team excels in customer and drug pipeline mapping and allocation, meticulously assigning leads to the corresponding sales teams to optimize conversion rates and enhance customer engagement.

Our sales and marketing management positions are helmed by seasoned industry professionals who not only spearhead key project acquisitions and strategic marketing initiatives but also mentor and train new talent. Regular internal training sessions cover a spectrum of topics including industry insights, market trends, and innovative marketing strategies, supplemented by team-building activities to foster a cohesive and high-performing team environment. We foster a culture of continuous learning and self-improvement, encouraging employees to engage in professional development opportunities to further enhance their skills and expertise in both sales and marketing domains.

Our Strategy

As part of our strategic expansion plan, we are committed to establishing a stronger global presence for sales and after-sales service, enriching our operations and broadening our customer base. Central to this initiative is our reliance on our dedicated in-house business development team, tasked with both cultivating new customer relationships and nurturing existing ones.

To ensure optimal coordination between sales activities and overarching corporate strategies, we are implementing a dual-level sales team structure. This approach involves assigning regional customer relationship managers alongside our business development personnel.

While our current customer base is predominantly situated in North America and China, we are expanding our reach into European and Asian markets, complementing our existing presence in China. Emphasizing the importance of long-term partnerships, we are committed to nurturing relationships with existing customers and closely monitoring the progress of their pipeline drugs. This proactive approach allows us to secure additional projects and foster mutual growth.

Recognizing the immense growth potential in the field of GLP-1 drugs, we are dedicated to expanding and refining our CRDMO services in this sector. By staying attuned to evolving customer needs and market dynamics, we aim to maintain our competitive edge and capture new opportunities. Moreover, we are closely monitoring the development trends of various TIDES, including PDC, RDC, POC, and others. This proactive approach enables us to anticipate market shifts, stay ahead of competitors, and explore emerging market opportunities. Through these strategic initiatives, we are poised to strengthen our global footprint, deepen customer relationships, and capitalize on emerging market trends, positioning ourselves for sustained growth and success in the dynamic pharmaceutical landscape.

We determine our pricing strategies based on a variety of factors, such as our market share and growth strategy, market demand for our services, and pricing dynamics introduced by competitors.

We market our services directly to pharmaceutical and biotech companies through industry conferences with their representatives and senior management. We also utilize multiple digital marketing and promotional channels, including social media, advertisements, press releases, webinars and email updates, to promote our technologies, platforms and services. During the Track Record Period, we incurred selling and marketing expenses of RMB22.2 million, RMB28.1 million, and RMB42.5 million in 2022, 2023 and 2024, respectively.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 522 employees, of whom 493 were in China and 29 were in the United States. As of the Latest Practicable Date, we had 69 employees who have obtained a master's degree or above, with 15 holding a Ph.D. or equivalent degree. As of the Latest Practicable Date, the gender distribution of our employees were approximately 54.2% male and 45.8% female. The table below sets forth a breakdown of our employees by function as of the Latest Practicable Date.

Functions	Number of employees by function	Percentage
Research and development	62	12%
Manufacturing	243	47%
Quality assurance and quality control	100	19%
Business development, sales and marketing	44	8%
Management Operations	73	14%
Total	**522**	**100%**

We believe that our success depends in part on our ability to attract, recruit and retain quality employees. We enter into individual employment contracts and confidentiality agreements with our employees. The employment contracts cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees generally includes salary and bonus. In general, we determine the remuneration package based on the qualifications, position and performance of our employees. In addition, we have adopted share incentive scheme to provide an additional means to attract, motivate, retain and reward our employees.

We provide our employees with opportunities to work on advanced projects to develop their knowledge and skills. We have an effective training system, including orientation and continuous on-the-job training, to accelerate the learning progress and improve the knowledge and skill levels of our workforce. The orientation process for newly joined employees covers subjects such as corporate culture and policies, work ethics, introduction to the development process, quality management, as well as occupational safety. Our periodic on-the-job training covers streamlined technical know-how of our integrated services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations. We also aim to further enhance a collaborative work environment that encourages our employees to develop their career with us.

In support of our growth, we pay close attention to our capabilities and adjust our workforce to ensure that our workforce can meet the demand for our services. During the Track Record Period, we have primarily adopted a direct recruitment policy to seek talent from recent graduates of top universities through on-campus recruiting events in China and recruit lateral employees with the suitable background in China and abroad. We proactively recruit recent Ph.D. graduates and provide them with additional post-degree training opportunities. Our commitment is underscored by our accreditation to award the National Post-Doctoral Training Certificate, enabling us to deliver specialized training in peptide-related fields to emerging Ph.D. talent.

We believe that we maintain a good working relationship with our employees. We had not experienced any material labor disputes or any material difficulties in recruiting employees for our operations during the Track Record Period and up to the Latest Practicable Date.

CUSTOMERS

We have a diversified customer base, with customers located in North America, Asia, Europe and other countries. In addition to large pharmaceutical and biotech companies, we provide comprehensive and customized services responding to the needs of a growing group of diverse biotech start-ups and virtual pharmaceutical and biotech companies. We are devoted to enhancing the breadth of our services and providing customized services to target customers with unique needs and demands. As of the Latest Practicable Date, we had served over 1,000 customers worldwide.

Our customers also demonstrate high loyalty and stickiness. The average length of our relationships with our five largest customers in each year during the Track Record Period is approximately 10 years; many customers choose to retain us for multiple stages as their peptide products progress toward commercialization and large-scale production as proved by the high average CDMO customer retention rate of over 90% during the Track Record Period.

Five Largest Customers in Each Year During the Track Record Period

The total revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB157.3 million, RMB162.6 million and RMB222.3 million in 2022, 2023 and 2024, respectively. None of our five largest customers in each year during the Track Record Period is our supplier. In 2022, 2023 and 2024, revenue generated from our five largest customers in each year during the Track Record Period accounted for 44.8%, 48.3% and 50.3% of our revenue in the same year, respectively, and revenue generated from our largest customer in each year during the Track Record Period accounted for 15.4%, 20.9% and 26.8% of our revenue in the same year, respectively. None of our Directors, their respective close associates, or Shareholders who, to the knowledge of our Directors, own 5% or more of our issued share capital had any interest in any of our five largest customers in each year during the Track Record Period. None of our five largest customers in each year during the Track Record Period was also our supplier.

The following tables set forth certain information about our five largest customers in each year during the Track Record Period in terms of revenue (in descending order) generated in 2022, 2023 and 2024, respectively:

For the year ended December 31, 2024

Customers	Background	Number of Projects During the Year	Years of Business Relationship	Credit Term and Payment	Services Purchased	Revenue	Revenue Contribution
						(RMB in million)	
Customer A	A clinical-stage biopharmaceutical company in the United States, focusing on the development of novel therapies for metabolic and endocrine disorders with market capitalization as of the Latest Practicable Date of RMB41,466.2 million.	8	Since 2019	30 days, bank transfer	CRO+ CDMO	118.6	26.8%
3D Matrix Japan, Ltd.	A regenerative medicine company in Japan, focusing on commercializing self-assembling peptide technology with registered capital of RMB382.5 million.	4	Since 2006	30 days, bank transfer	CDMO	30.3	6.9%
Beijing Biote Pharmaceutical Co. Ltd. (北京博恩特藥業有限公司)	A pharmaceutical company in China, specialized in microsphere drug research, manufacture and marketing with registered capital of RMB60.0 million.	3	Since 2005	Upon prepayment, bank transfer	CDMO	27.6	6.2%
Gilead Sciences, Inc.	A global biopharmaceutical company in the United States, committed to discovering, developing and delivering innovative therapeutics for people with life-threatening diseases with revenue in 2023 of RMB191,079.6 million.	1	Since 2021	Upon prepayment, bank transfer	CDMO	24.7	5.6%
LGM Pharma	A CDMO in the United States providing API sourcing and drug CDMO solutions to the pharmaceutical, biotechnology, and compounding pharmacy industries.	1	Since 2023	Upon prepayment, bank transfer	CDMO	21.1	4.8%
Total						222.3	50.3%

For the year ended December 31, 2023

Customers	Background	Number of Projects During the Year	Years of Business Relationship	Credit Term and Payment Method	Services Purchased	Revenue	Revenue Contribution
						(RMB in million)	
3D Matrix Japan, Ltd.	A regenerative medicine company in Japan, focusing on commercializing self-assembling peptide technology with registered capital of RMB382.5 million.	4	Since 2006	30 days, bank transfer	CDMO	70.4	20.9%
Gilead Sciences, Inc.	A global biopharmaceutical company in the United States, committed to discovering, developing and delivering innovative therapeutics for people with life-threatening diseases with revenue in 2023 of RMB191,079.6 million.	1	Since 2021	Upon prepayment, bank transfer	CDMO	39.9	11.9%
Beijing Biote Pharmaceutical Co. Ltd. (北京博恩特藥業有限公司)	A pharmaceutical company in China, specialized in microsphere drug research, manufacture and marketing with registered capital of RMB60.0 million.	5	Since 2005	Upon prepayment, bank transfer	CDMO	19.5	5.8%
Customer A	A clinical-stage biopharmaceutical company in the United States, focusing on the development of novel therapies for metabolic and endocrine disorders with market capitalization as of the Latest Practicable Date of RMB41,466.2 million.	13	Since 2019	Upon prepayment, bank transfer	CDMO	18.3	5.4%
Customer B	A biopharmaceutical company in China, focusing on growth hormone production businesses with registered capital of RMB73.0 million.	3	Since 2002	Upon prepayment, bank transfer	CDMO	14.5	4.3%
Total						162.6	48.3%

For the year ended December 31, 2022

Customers	Background	Number of Projects During the Year	Years of Business Relationship	Credit Term and Payment	Services Purchased	Revenue	Revenue Contribution
						(RMB in million)	
3D Matrix Japan, Ltd.	A regenerative medicine company in Japan, focusing on commercializing self-assembling peptide technology with registered capital of RMB382.5 million.	4	Since 2006	30 days, bank transfer	CDMO	54.0	15.4%
Gilead Sciences, Inc.	A global biopharmaceutical company in the United States, committed to discovering, developing and delivering innovative therapeutics for people with life-threatening diseases with revenue in 2023 of RMB191,079.6 million.	1	Since 2021	Upon prepayment, bank transfer	CDMO	36.4	10.4%
Beijing Biote Pharmaceutical Co. Ltd. (北京博恩特藥業有限公司)	A pharmaceutical company in China, specialized in microsphere drug research, manufacture and marketing with registered capital of RMB60.0 million.	4	Since 2005	Upon prepayment, bank transfer	CDMO	30.3	8.6%
Red Queen Therapeutics	A clinical-stage biotech company in the United States, focusing on R&D of antiviral therapies.(1)	7	Since 2021	Upon prepayment, bank transfer	CRO+ CDMO	19.3	5.5%
Customer A	A clinical-stage biopharmaceutical company in the United States, focusing on the development of novel therapies for metabolic and endocrine disorders with market capitalization as of the Latest Practicable Date of RMB41,466.2 million.	13	Since 2019	Upon prepayment, bank transfer	CRO+ CDMO	17.3	4.9%
Total						157.3	44.8%

Notes:

(1) Red Queen Therapeutics is a non-public company with no public information regarding size of operation.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material dispute with our customers or any material breach of our service contracts or agreements. To the best of our knowledge, as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to termination of contractual relationships between any five largest customers in each year during the Track Record Period.

Key Contractual Terms with Our Customers

We commonly establish CRO and CDMO framework service agreements or project-based service agreements with our customers for our services. Under these agreements, services for individual projects are carried out through separate and distinct work orders. Each work order specifies project specifications, management, schedule, discovery, development and/or manufacturing steps, rules governing reporting, service fee and payment instructions. Additionally, the work orders are not necessarily tied to specific development stages, but rather adapt to the progress of projects and strategically align with our customers' research and development requirements. Our project-based service agreements, like the work orders within framework service agreements, usually have a term ranging from several months to multiple years. Such project-based service agreements provide essential elements, such as project specifications, management, schedule, discovery, development and/or manufacturing steps, payment terms, confidentiality obligations of the parties, ownership of intellectual property rights, termination clause and other general terms and conditions. Such project-based service agreements generally terminate upon the completion of the relevant projects.

The table below summarizes the key contractual terms under CRO and CDMO framework service agreements/work orders and project-based service contracts with our customers.

Key Contractual Terms	CRO Agreements	CDMO Agreements
Quality Requirements	Both parties consider legal requirements, national and industry standards, and customer's specific needs to formulate quality standards and service requirements. We commit to meticulously adhering to these quality standards to manufacture and deliver products.	
Outsourcing	We do not outsource projects to third parties.	
Product Liability	We are liable for the quality of the products in accordance with the quality standard requirements. Our customers are liable for making payments in accordance with contractual requirements. If one party breaches its obligations and fails to cure the breach within 30 days after written notice from the non-breaching party to cure the breach, the non-breaching has the right to unilaterally terminate the work order, and the breaching party shall pay liquidated damages. For details, see "– Liability for Breach."	

Key Contractual Terms	CRO Agreements	CDMO Agreements
Inspection	• Delivery • If we entrust a third party to deliver the products, our customer shall receive the products as soon as possible on the day that the third party notifies the receipt of the products. Our customers shall inspect the integrity of the outer packaging and appearance of the products upon receipt. In the event of damage to the outer packaging or damage to the inner products due to damage to the outer packaging, our customers shall refuse to accept and raise it with the third party at the time of receipt. • If our customers pick up the products, our customers shall notify us in writing. Our customers shall confirm the integrity of the outer packaging of the products for acceptance when receiving the products. In case of damage to the packaging, or damage to the internal products due to damage to the packaging, our customers shall refuse to accept the products and notify us at the time of receipt. • If we deliver the products to our customers' designated carrier, the risk of loss or damage of the products shall be transferred to our customers on the date when we deliver the products to the carrier designated by our customers. When receiving the products from the carrier, our customers shall inspect and confirm the integrity of the outer packaging of the products. In case of damage to the outer packaging, or damage to the inner products due to damage to the outer packaging, our customers shall refuse to accept and present to the carrier at the time of receipt.	

Key Contractual Terms	CRO Agreements	CDMO Agreements
	• Regardless of the methods of delivery, if our customers notify the third party and refuse to accept the products, and then claim compensation after receipt of the products on the grounds that the packaging is damaged, or the internal products are damaged due to the damaged packaging, we shall be exempted from liability. The risk of loss or damage to the products shall be transferred to our customers on the date that (i) our domestic customers receive the products, or (ii) the products are delivered to designated carriers or locations for our overseas customers in accordance with applicable delivery terms in the FFS contracts. • Quantity inspection: Our customers shall inspect quantity of products within five working days from the date of receipt. • Quality inspection: Our service agreements with customers typically include quality standards and quality inspection standards and procedures. Our customers shall inspect quality of products within 30 days from the date of receipt. The common quality standard requirements typically include appearance inspection standard, such as the color of the powder, molecular weight inspection standard, and API purity standard, such as the content of API, the content of water and residual solvents as well as microbiological examination. • Quality audit: We agree to permit auditors from our customers to conduct quality audits of products during regular working hours. • Indemnity: Our service agreements do not typically include indemnity clauses, and we shall have no further quality liabilities after passing customers' quality checks as provided in the quality inspection procedures above.	
Payment Terms	FTE and FFS model. For details, see "—Our Business Model—Our Fee Models—Payment Terms" section above.	FFS model. For details, see "—Our Business Model—Our Fee Models—Payment Terms" section above.
Duration	1-4 weeks	1-4 years

Key Contractual Terms	CRO Agreements	CDMO Agreements
Minimum Procurement Limit	N/A	Our customers commit to us a minimum procurement limits within the first three years from the effective date of the agreement. If the purchasing volume for a year does not reach the minimum purchasing limit, our customers shall make up the difference within 60 days from the settlement date of the year; otherwise, we have the right to unilaterally terminate the agreement by providing a 30-day written notice in advance and demand our customers to pay liquidated damages.
Intellectual Property	We guarantee that the products that we deliver to our customers do not infringe the intellectual property rights and other legal rights of third parties. Our customers guarantee that the data or research information that they share with us does not infringe the intellectual property rights and other legal rights of third parties. In the event that one party is pursued by a third party in terms of dispute, litigation, arbitration, or is investigated or penalized by a governmental agency because of the existence of infringement of intellectual property rights, the infringing party shall be responsible for all the damages, including, but not limited to, the reasonable costs and attorney's fees. Our customers retain ownership of all intellectual property of their products, including the intellectual property made accessible to us. Regardless whether the parties apply for patents or not, we typically fully own all rights relating to any process related, analytical method related technical inventions, trade secrets, or improvements conceived during the performance of the agreement and the work order. Frost & Sullivan is of the view that the intellectual property ownership arrangement is in line with industry norm because other CRDMOs in the industry use similar intellectual property arrangements.	

Key Contractual Terms	CRO Agreements	CDMO Agreements
Liability for Breach	• If we delay the delivery for 30 days and causes damage to our customers, or if our customers delay the payment for 60 days, the breaching party shall pay the late liquidated damages, with a maximum annual amount of 20% of the corresponding amount of the delayed delivery. • If our customers terminate the work order without cause, our customers must settle the payments corresponding to the products or services that we have already completed and the raw material costs that we have already incurred. If we terminate the work order without cause, we must deliver the completed products or services to our customers. In addition, the breaching party shall pay liquidated damages of 20% of the total amount of the work order to the non-breaching party, and the non-breaching party shall still be entitled to claim damages, if the liquidated damages are not sufficient to cover its financial loss. • If one party breaches its obligations and fails to cure the breach within 30 days after written notice from the non-breaching party to cure the breach, the non-breaching has the right to unilaterally terminate the work order. The breaching party shall pay liquidated damages of 20% of the total amount of the work order to the non-breaching party, and the non-breaching party shall still be entitled to claim damages, if the liquidated damages are not sufficient to cover its financial loss. • (Only applicable for CDMO Agreements) If one party terminates the agreement without cause, the party shall pay liquidated damages of 25% of minimum procurement limit.	
Validation Term	The agreement is valid for a long term. The agreement shall enter into force on the date when both parties signed and stamped with seal and shall terminate after the completion of the project and after all the rights and obligations have been fulfilled, usually no later than a date agreed by both parties.	

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches of our customer agreements either on our part or the part of our customers, and there was no termination of any material contract (representing contracts with values of RMB5.0 million or more), except one contract which the customer had partially performed before terminating due to changes in its drug development plan. We were not subject to any

exclusivity clause in our provision of services during the same period. There was no material dispute between customers and us on the acceptance of deliverables during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, there were seven, 13 and 27 terminated contracts in 2022, 2023 and 2024, with net contract value of RMB6.9 million, RMB0.4 million, and RMB15.7 million, respectively, and accounted for 1.7%, 0.1% and 2.3% of the sum of contract value for all contracts during the same year, respectively. Terminated contracts were generally because of changes in our customers' own peptide drug development resources, plans and cycles. Out of 27 terminated contracts in 2024, some were due to the research design being highly complex and relying on cutting-edge technologies. Since these technologies are still in the early stages of exploration and development, the complexity of their application hindered project progress, making it difficult to achieve the desired outcomes and ultimately leading to contract terminations.

SUPPLIERS

Owing to our vast array of services, we procure a wide variety of raw materials and equipment, which are generally available from various suppliers in China in quantities adequate to meet our needs. We have maintained stable relationships with many of our key suppliers. There were no major raw materials quality issues during the Track Record Period and up to the Latest Practicable Date.

Five Largest Suppliers in Each Year During the Track Record Period

In 2022, 2023 and 2024, purchases from our five largest suppliers in each year during the Track Record Period in aggregate amounted to RMB68.1 million, RMB57.3 million and RMB50.5 million, representing 43.6%, 40.4% and 32.5% of our total purchases for the same year, respectively, and purchases from our largest supplier in each year during the Track Record Period accounted for 17.0%, 13.1% and 10.7% of our total purchases for the same year, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material dispute with our suppliers or any material breach of our supply contracts or agreements. To the best of our knowledge, as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to termination of our relationships with any of our five largest suppliers in each year during the Track Record Period. None of our Directors, their respective associates, or Shareholders who own 5% or more of our issued share capital had any interest in any of our five largest suppliers in each year during the Track Record Period. During the Track Record Period, none of our five largest suppliers in each year during the Track Record Period was also our customer.

The following table sets forth certain information about our five largest suppliers in each year during the Track Record Period in terms of purchases (in descending order) in 2022, 2023 and 2024, respectively:

For the year ended December 31, 2024

Suppliers	Background	Main Services/ Products/ Equipment Procured	Years of Business Relationship	Credit Term and Payment Method	Procurement Amount	Procurement Contribution
					(RMB in millions)	
Chengdu Pukangweixin Biotechnology Co., Ltd. (成都普康唯新生物科技有限公司)	A company in China focusing on the research & development of polypeptide modifiers with registered capital of RMB9.2 million.	Raw Materials	Since 2019	30 Days, Bank Transfer	16.6	10.7%
Hangzhou Tiandongli Chemical Co., Ltd. (杭州天動立化學品有限公司)	A company in China focusing on manufacture and sales of raw materials, chemical products and reagents with registered capital of RMB10.0 million.	Raw Materials	Since 2018	30 Days, Bank Transfer	16.3	10.5%
Chengdu ZY Biochemical Technology Co., Ltd. (成都鄭源生化科技有限公司)	A company in China focusing on natural and non-natural protected amino acid derivatives and short peptide fragments with registered capital of RMB10.0 million.	Raw Materials	Since 2013	30 Days, Bank Transfer	6.1	3.9%
Jiangsu Hanbon Science & Technology Co., Ltd. (江蘇漢邦科技股份有限公司)	A company in China providing professional separation and purification equipment, consumables and technical services for the biopharmaceutical field, with registered capital of RMB66.0 million.	Equipment	Since 2011	30 Days, Bank Transfer	6.0	3.9%
Shanghai Xietong (Group) Co., Ltd. (上海協通(集團)有限公司)	A company in China engaged in sales of equipment, medical device, and raw materials with registered capital of RMB102.6 million.	Equipment	Since 2018	Upon Prepayment, Bank Transfer	5.5	3.5%
Total					50.5	32.5%

For the year ended December 31, 2023

Suppliers	Background	Main Services/ Products/ Equipment Procured	Years of Business Relationship	Credit Term and Payment Method	Procurement Amount	Procurement Contribution
					(RMB in millions)	
Supplier A[(1)]	A company in China engaged in comprehensive engineering service with registered capital of RMB1,000.0 million.	Construction	Since 2016	15 days, bank transfer	18.6	13.1%
Shanghai Changang Machinery Technology Co., Ltd. (上海長昂機械科技有限公司)	A company in China focusing on professional and technical services in the fields of mechanics and automation with registered capital of RMB10.0 million.	Equipment	Since 2018	15 days, bank transfer	13.4	9.4%
Hangzhou Tiandongli Chemical Co., Ltd. (杭州天動立化學品有限公司)	A company in China focusing on manufacture and sales of raw materials, chemical products and reagents with registered capital of RMB10.0 million.	Raw Materials	Since 2018	30 days, bank transfer	10.7	7.5%
Supplier B	A company in China providing construction services with registered capital of RMB101.8 million.	Construction	Since 2023	15 days, bank transfer	9.6	6.8%
MarketOne Builders, Inc.	A company in the United States providing construction services.[(2)]	Construction	Since 2023	15 days, bank transfer	5.0	3.6%
Total					57.3	40.4%

For the year ended December 31, 2022

Suppliers	Background	Main Services/ Products/ Equipment Procured	Years of Business Relationship	Credit Term and Payment Method	Procurement Amount	Procurement Contribution
					(RMB in millions)	
Supplier A[(1)]	A company in China engaged in comprehensive engineering service with registered capital of RMB1,000.0 million.	Construction	Since 2016	15 days, bank transfer	26.5	17.0%
Hangzhou Tiandongli Chemical Co., Ltd. (杭州天動立化學品有限公司)	A company in China focusing on manufacture and sales of raw materials, chemical products and reagents with registered capital of RMB10.0 million.	Raw Materials	Since 2018	30 days, bank transfer	21.0	13.4%
Shanghai Xietong (Group) Co., Ltd. (上海協通(集團)有限公司)	A company in China engaged in sales of equipment, medical device, and raw materials with registered capital of RMB102.6 million.	Equipment	Since 2018	Upon prepayment, bank transfer	7.9	5.1%
Shanghai Changang Machinery Technology Co., Ltd. (上海長昂機械科技有限公司)	A company in China focusing on professional and technical services in the fields of mechanics and automation with registered capital of RMB10.0 million.	Equipment	Since 2018	15 days, bank transfer	6.6	4.2%
Chengdu Kelong Chemical Co., Ltd. (成都市科隆化學品有限公司)	A company in China engaged in manufacturing of chemical raw materials and chemical products with registered capital of RMB80.0 million.	Raw Materials	Since 2017	30 days, bank transfer	6.1	3.9%
Total					68.1	43.6%

Key Contract Terms

We generally maintain long-term (over five years) supply collaboration with our key raw material suppliers. We sign one-year agreements and renew these agreements annually, adjusting the purchase price of the raw material based on market conditions. Additionally, when providing quantity and delivery requirements for each separate purchase order, we also discuss pricing with the suppliers and make adjustments accordingly to some extent. Given that we have long-term supply collaboration in place with a majority of our key raw material suppliers, we believe our supply arrangements enable us to largely manage fluctuations of raw material prices, if any. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material fluctuations of raw material prices. Typically there are no minimum purchase obligations under the long-term supply agreements. We also enter into one-off supply contracts with some suppliers.

For the purchase of raw materials, the supplier must guarantee that the quality of the materials conforms to the agreed-upon quality standards in the contracts. Regarding equipment purchases, the supplier's products must meet or exceed relevant national and industry standards and specifications. If equipment is procured, the supplier is typically also responsible for installing and debugging the equipment and providing trainings to our equipment operators. Generally, our suppliers are subject to monetary penalties for failing to deliver products on time.

Procurement

We make detailed and concrete procurement plans during the annual budgeting process based on our sales target and production plans for the next year. This provides more clarity on our procurement needs and enables us to mitigate risks of supply shortages. Such detailed procurement plans also help us obtain favorable pricing through bulk purchases to reduce our production costs.

We have maintained a list of suppliers approved by our senior management team. For any given type of raw materials or supplies, we typically have multiple suppliers in order to obtain competitive prices from suppliers, maintain sourcing stability and avoid over-reliance risk. The procurement department enters into procurement agreements after negotiating with the suppliers on commercial terms such as price and quantity.

We select our suppliers based on stringent criteria and applicable laws and regulations to ensure the quality of our supplies. When selecting suppliers, we consider, among other things, their product quality, product offerings, pricing, reputation, service quality and delivery schedule. Our suppliers are required to possess all licenses and permits necessary to conduct their operations.

We have also established a return and replacement management system and return defective or expired products to suppliers in accordance with market practice. During the Track Record Period and up to the Latest Practicable Date, we have not encountered quality problems or received defective products or experienced any product return that could have a material adverse effect on our business, financial condition or operations.

Inventory Management

The inventories amounted to RMB79.3 million, RMB73.0 million and RMB84.8 million as of December 31, 2022, 2023 and 2024, respectively. Our supplies are delivered by suppliers in accordance with purchase orders and placed in warehouses that meet storage standards based on their categories after they are inspected and accepted by us. We carry out overall inventories management through our internal system, which records the stock level of our inventory and past purchase records. We comply with the storage requirements and laws and regulations during the storage period.

We strictly monitor our commodities in inventory, conduct regular physical inventory counts and establish a monthly-based inventory cycle to meet our demands. We also closely monitor the shelf life of all products, and once any product expires or reaches the end of its service life, we safely dispose of the product in accordance with applicable laws and regulations. We have not experienced any significant inventory write-offs during the Track Record Period.

INTELLECTUAL PROPERTY

Protection of Our Intellectual Property

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

Our employees are bound by confidentiality obligations under their employment contracts and are prohibited from disclosing our customers and our intellectual property. During the Track Record Period and up to the Latest Practicable Date, to our knowledge, none of our employees breached the confidentiality obligations under their employment contracts. We enter into agreements with all of our employees under which they disown all intellectual property they create during their employment and waive all relevant intellectual property rights or claims. All of our employees have agreed to disclose and assign to us all inventions conceived by them during their term of employment.

Trade Secrets

We rely upon trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We seek to protect our proprietary information, in part, by executing confidentiality agreements with our partners, collaborators, employees, and other third parties. The confidentiality agreements we enter are designed to protect our proprietary information, and the agreements or clauses requiring assignment of inventions to us are designed to grant us ownership of technologies that are developed through our relationship with the respective counterparty.

Patents, Trademarks and Other Intellectual Property

Patents, patent applications, and other intellectual property rights are important in the sector in which we operate. We consider on a case-by-case basis filing patent applications with a view to protecting certain processes, and analytical methods. We may also license or acquire rights to patents, patent applications, or other intellectual property rights owned by third parties, academic partners, or commercial companies which are of interest to us. As of the Latest Practicable Date, we were the owner of 16 patents in China, and we had five pending patent applications in total in China.

As of the Latest Practicable Date, our owned patents were as follows:

Description	Place of Registration	Issuance Date	Expiry Date
Glucagon analogs, methods of preparation and use thereof	China	June 13, 2017	December 21, 2031
A cyclic peptide with a -Pro-Sta-Tyr- residue fragment used as an immunosuppressant and its synthesis methods	China	May 4, 2011	April 30, 2028
A cyclic peptide with -Ile-Sta-Pro- residue fragment used as an immunosuppressant and its synthesis methods	China	September 8, 2010	April 30, 2028
A cyclic peptide with a -Val-Sta-Leu- residue fragment used as an immunosuppressant and its synthesis methods	China	September 8, 2010	April 30, 2028
An analog of adrenocorticotropic hormone, methods of preparation and use thereof	China	April 20, 2016	March 8, 2031
A peptide for the treatment of diabetes mellitus, methods of preparation and use thereof	China	May 25, 2016	March 21, 2031
Novel vascular intestinal peptide analogs, methods of preparation and use thereof	China	August 24, 2016	June 12, 2031
Analogs of thymopeptide alpha 1, methods of preparation and use thereof	China	April 12, 2017	June 12, 2031
Novel salmon calcitonin analogs, methods of preparation and use thereof	China	August 24, 2016	August 3, 2031

Description	Place of Registration	Issuance Date	Expiry Date
Long-acting salmon calcitonin analogs, methods of preparation and use thereof	China	August 24, 2016	August 10, 2031
Analogs of glucagon-like peptide-2 (GLP-2), methods of preparation and use thereof	China	August 24, 2016	August 10, 2031
A fragmentation synthesis method for the preparation of goserelin	China	June 4, 2021	May 30, 2038
A preparation method of glucagon	China	November 24, 2023	December 26, 2039
A preparation method of plecanatide	China	November 3, 2023	August 2, 2041
A synthesis method of semaglutide	China	March 7, 2025	November 8, 2044
A kind of synthetic method of tepote	China	April 25, 2025	December 27, 2044

The term of a patent depends upon the laws of the country in which it is issued. In most jurisdictions, a patent term is 20 years from the earliest filing date of a non-provisional patent application. Under the PRC Patent Law, the term of patent protection starts from the date of application. Patents related to inventions are effective for 20 years, patents related to designs are effective for 15 years, and patents related to utility models are effective for 10 years from the date of application. There are no patent term adjustments or patent term extensions available in the PRC for issued patents. In the United States, 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 in excess of a patent applicant's own 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.

As of the Latest Practicable Date, we had registered 34 trademarks in China and three trademarks in Hong Kong. In addition, we are the registered owner of 18 domain names.

Protection of Our Customers' Intellectual Property

Our reputation and business success also depend on our ability to protect the intellectual property rights of our customers. Due to the nature of our services, we typically have access to the drug chemistries, production processes and other intellectual property owned by or licensed to our customers. We strategically focus on the role of the partner of choice in discovering, developing and manufacturing peptides and oligonucleotide instead of the role of a drug maker ourselves and therefore do not have interests that conflict with those of our customers.

Protecting the proprietary rights of our customers has been a top priority since our inception. We have established an intellectual property protection process to properly manage the document transmission and archiving, preservation of documents related to R&D and manufacturing, supervision and control of laboratory computers and access to documents in connection with confidential information.

We put a heavy emphasis on record keeping, as our science notes can be used as original data in support of regulatory submissions or patent applications. We are now switching from physical notebooks to electronic notebooks for many of our customers.

Our process preserves the documentation necessary to establish intellectual property ownership should any disputes arise in the future. This process not only significantly enhances the protection of key original information, but also increases customers' confidence and trust in our company.

In addition, we have established virtual and physical firewalls to protect the customer's projects and intellectual property. We believe that our information management system complies with all regulatory requirements regarding security, including data integrity, compatibility and audit-trail generation. To the extent that we are able to, each customer project has dedicated laboratory space equipped with key-card access control systems. Most of our laboratory computers are not connected to the external internet, so that they cannot be accessed by unauthorized external parties and have restricted data-transfer capabilities. We believe that the firewalls restrict potential leaking or intermingling information of different customers and safeguard their intellectual property.

Despite the measures and efforts, we have taken to protect our own and our customers' intellectual property, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Under our contractual arrangements with our customers, we typically undertake to indemnify our customers for damages resulting from any third-party intellectual property infringement claims that are solely based on our intellectual property; our customers typically undertake to indemnify us for damages resulting from any third-party intellectual property infringement claims other than those that are solely based on our intellectual property. During the Track Record Period and up to the Latest Practicable Date, we were not subject to, nor were we party to, any intellectual property rights infringement claims or litigations and were not aware of any material infringement of our intellectual property rights that had a material adverse effect on our business. We had complied with all applicable intellectual property laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

We face competition primarily from other leading CRDMO and CDMO companies who are active in peptide manufacturing. Our global market share reached 1.5% in 2023, ranking third in the global peptide-focused CRDMO services market in 2023, according to Frost & Sullivan. Peptide CRDMO service providers face competition based on several factors, including growth of the overall pharmaceutical market, the market demand, quality and breadth of services, specific scientific and regulatory expertise, advanced technological requirements, high capital expenditure needs, timeliness of delivery, manufacturing capability and capacities, capable talent, global supply chain solutions, and ability to build/establish capable GMP certified facilities.

In terms of barriers to entry, the peptide CRDMO market generally requires high technical expertise. We are well-positioned to capture opportunities in the sizable and fast-growing peptide drug market, with our peptide production technology, strong compliance record and experienced management team. We believe that we can maintain our competitiveness by leveraging our established position in the global peptide CRDMO market and capitalizing on the opportunities offered by the fast-growing market.

Please see the section headed "Industry Overview" for details of the global peptide and oligonucleotide outsourcing services market.

INSURANCE

We maintain property insurance policies covering physical damage to, or loss of, our facilities and their improvements, equipment, office furniture and inventory; employer's liability insurance generally covering death or work injury of employees; product liability and professional errors and omissions insurance covering product liability claims arising from the use or operation of our peptide compounds and claims arising from negligence in connection with our services to customers; public liability insurance covering certain incidents involving third parties that occur on our premises. We do not maintain key-man life insurance for any members of our senior management or other key personnel or business disruption insurance. While we believe that our insurance coverage is adequate and in line with the industry norm in China and the United States, it may be insufficient to cover all claims for product liability or damage to our fixed assets. See "Risk Factors—Risks Relating to Our Business and Our Industry—We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources." for more information.

PROPERTIES

We have owned and leased a number of properties in China and the United States. The following table sets forth a summary of the properties owned or leased by us as of the Latest Practicable Date. None of our properties were used as the collateral for mortgages. 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 will negotiate with our landlord for the renewal of the lease agreement that will expire within three months and we do not anticipate undue difficulty in renewing our leases upon their expiration.

Location	Actual Usage	Area (sq.m.)	Ownership/ Leased	Term/Expiry Date
Qiantang Site	Manufacturing	25,927 (the parcel of land), 20,275.4 (the GFA)	Owned	N/A
Baiyang Street, Qiantang New District, Hangzhou	Employee dormitory	50.5 (the parcel of land), 178.3 (the GFA)	Owned	N/A
Hangzhou Biopharma Town Site	Manufacturing	10,013.0 (the parcel of land)	Owned	N/A
Rocklin Site	Manufacturing	11,736 (the parcel of land), 3,809 (the GFA)	Owned	N/A
Xiasha Street, Qiantang New District, Hangzhou	Employee dormitory	89.4 (the GFA)	Leased	August 31, 2025(1)
Xiasha Street, Qiantang New District, Hangzhou	Employee dormitory	106.1 (the GFA)	Leased	September 24, 2025(1)
Xiasha Street, Qiantang New District, Hangzhou	Employee dormitory	87.9 (the GFA)	Leased	November 14, 2025(1)
Milpitas, California	Office	216.6 (the GFA)	Leased	September 30, 2027

Note:

(1) We typically submit our renewal requests two months prior to the respective lease expiration dates and expect to obtain renewals without any material difficulties.

As of the Latest Practicable Date, none of the properties held by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our Group's interests in land or buildings.

ESG MATTERS

ESG Governance Structure

We regard ESG as fundamental to our corporate sustainable development. To embed ESG into our corporate operational management, we actively assess and integrate sustainability into our daily business operation decision-making processes. We have initially established a three-tier ESG governance structure as follows:

Parties	Responsibilities
Board of Directors	The Board of Directors holds ultimate responsibility for our overall direction, strategy, objectives, performance, and reporting regarding our sustainable development. Supported by the ESG Committee, the Board of Directors provides oversight of sustainability-related matters.
ESG Committee	The ESG Committee consists of three members from the Board of Directors: Ms. Li (executive Director) serves as the Chair of the ESG Committee, with Dr. Xu (chairwoman, executive Director and CEO) and Mr. Xia Xinsheng (夏心晟) (independent non-executive Director) as members. The ESG Committee holds meetings at least twice a year, providing recommendations to the Board of Directors on ESG objectives, strategies, risks, material topics, and significant decisions, and regularly monitoring the implementation and progress of our ESG work. We took full consideration of diversity among its members when setting up the ESG Committee.
ESG Task Force	The ESG Task Force is chaired by Ms. Li, who also serves as the Chair of the ESG Committee. It comprises members from various departments, including Technical Vice President, the Human Resources Department, the Quality Assurance Department, the environment, health and safety ("**EHS**") Department, and the Board Secretary Office. The Task Force meets at least four times a year and reports regularly to the ESG Committee. The Task Force reports to the Committee on Sustainable Development on identified significant sustainable development risks, opportunities or trends, and develops management goals, policies, and action plans to address these risks and opportunities. Meanwhile, the Task Force is responsible for planning and implementing sustainable development initiatives, promoting and encouraging cross-functional collaboration. In addition, it is also responsible for preparing the annual Environmental, Social and Governance Report.

Our ESG task force members have extensive work experience related to our ESG issues. To ensure that our Board of Directors and all employees understand ESG-related knowledge and practice ESG principles, the ESG Task Force will be responsible for conducting regular ESG knowledge training across our Group. Additionally, as deemed necessary by the ESG committee, we will engage external experts to provide ESG training for the Board of Directors, the ESG Committee, and the ESG task force. This is aimed at ensuring that our Board of Directors, the ESG committee, and the ESG task force possess professional and sufficient knowledge in ESG matters to facilitate us in making ESG-related decisions.

ESG Material Topics

Based on the MSCI ESG Industry Materiality Map for the medical service sector under the health care industry, the average weights of governance, product safety and quality, labor management, privacy and data security, carbon emissions, human capital development, access to health care, as well as toxic emissions and waste are approximately 35.0%, 24.8%, 19.7%, 14.8%, 4.9%, 0.4%, 0.2%, and 0.2%, respectively. Meanwhile, with reference to the healthcare materiality list in the Environmental, Social and Governance Reporting Guide of the Stock Exchange, SASB Health Cared Materiality Map and the topics identified by leading ESG-rating companies in the industry, we have preliminarily determined the following key ESG matters based on our actual situation:

Material issues	Materiality	Potential risks/ opportunities	Some quantitative indicators
Business ethics and anti-corruption	Very important	Good business ethics can establish a positive corporate image	Average hours of anti-corruption training per person (hours/person)
Product quality & safety	Very important	Product quality assurance is critical to the enterprise's revenue	Percentage of total products sold or shipped to be recycled due to safety and health reasons (%)
Data security & privacy	Very important	Potential litigation damages resulting from violations of confidentiality principles	Total number of violations of regulations and voluntary guidelines on customer privacy protection (cases)

Material issues	Materiality	Potential risks/ opportunities	Some quantitative indicators
Greenhouse gas emission	Very important	Excessive emissions may result in fines	Total greenhouse gas emissions (tonnes)
Development and training	Very important	Talent is the cornerstone of corporate development	Employee training coverage rate (%)
Occupational health and safety	Very important	Talent is the cornerstone of corporate development	Number of workdays lost due to employee injuries (days)
Risk management	Relatively important	Timely identification and response to risks can reduce losses	Number of significant risk events (cases)
R&D and innovation	Relatively important	The embodiment of enterprise competitiveness	R&D expenditure as a percentage of operating income (%)
Protection of intellectual property rights	Relatively important	The embodiment of enterprise competitiveness	Number of intellectual properties held (pieces)
Waste	Relatively important	Excessive emissions may result in fines	Hazardous waste emissions (tonnes)
Supply chain management	Relatively important	A stable supply chain is the guarantee of timely delivery	Number of Suppliers (suppliers)
Equal employment	Relatively important	Talent is the cornerstone of corporate development	Percentage of female employees (%)
Climate change	Relatively important	Refer to Climate Change	Loss from climate change (RMB10,000)

Material issues	Materiality	Potential risks/ opportunities	Some quantitative indicators
Customer relationship	Relatively important	Customer satisfaction supports long-term business development	Percentage of customer complaints resolved (%)
Social contribution	Moderately material	The embodiment of corporate social responsibility	Amount of investment in social welfare (RMB10,000)

After the listing, the ESG Task Force will continuously review the material topics and communicate extensively with our stakeholders through diverse channels to gather feedback. This feedback will be integrated and presented to the ESG Committee, enabling the Board of Directors to timely assess the materiality of various topics to us and shareholders. Their feedback will be incorporated into materiality assessments and corporate strategies, as appropriate, to develop a materiality matrix that better aligns with our actual situation.

Product Responsibility

We believe that innovation and R&D capabilities can solidify our market position and ensure long-term growth. With our intellectual property rights in synthesis technology, we have established a library comprising hundreds of thousands of peptides. With an exceptional technical team in the industry, we have over 30 years of dedicated experience in the field of peptides.

Furthermore, we are also increasing our investment in green chemistry. Our internal technical team consistently shares knowledge of green chemistry to enhance our awareness. As our global business develops and production scales expand, we are conducting green chemical research to anticipate energy conservation and emission reduction requirements for future large-scale production and new capacity planning. Meanwhile, this also represents an urgent requirement for our Group to fulfill its social responsibility.

Health and Safety

We view occupational health and safety as a critical social responsibility. In order to safeguard the occupational health and safety of our employees, prevent pollution, and help employees understand the environmental impacts and hazards to their occupational health and safety in the workplace, as well as to prevent and avoid environmental pollution and occupational injuries, we have established the General Principles of Environmental Occupational Health and Safety Management (《環境職業健康安全管理總則》) and a handbook. We adhere to the principle of "Prevention first, with full employee participation;

prioritizing safety and health, environmental protection and energy conservation; Ensuring compliance with regulations and striving for continuous improvement". Additionally, we have set a minimum requirement of 4 hours of environmental/occupational health and safety training per person per year, with a 100% coverage rate. In 2022, we were honored with the title of "Hangzhou Health Demonstration Unit of 2021".

Board and Senior Management Diversity

After the listing, we will have four female Directors out of nine Board members. Currently, the Board composition demonstrates diversity and inclusion. For details, please see the section headed "Directors, Supervisors and Senior Management".

Environmental Protection

We have a research base in China. Our operations and facilities are subject to certain environmental protection laws and regulations in the United States and China, which also require us to obtain permits from governmental authorities for certain businesses. For details, please see the section headed "Regulatory Overview" of this Prospectus.

To protect the environment, prevent pollution, and comply with relevant laws and regulations, we adhere to the principles of "prevention-driven, full staff participation, safety and health, environmental protection and energy conservation, compliance with laws and regulations, and continuous improvement". We have established detailed internal rules regarding environmental protection, including the Environmental Protection Management Policy (《環境保護管理制度》), Response Plan for Emergency Environmental Incidents, Environmental Factor Identification, Assessment, and Control Planning Procedure (《環境因素識別、評價和控制策劃程序》), Hazardous Waste Emission Control Management Policy (《危險廢物排放控制管理制度》), Exhaust Gas Emission Management Policy (《廢氣排放管理制度》), Wastewater Emission Management Policy (《廢水排放管理制度》), Solid Waste Management Policy (《固體廢物管理制度》), and Biological Waste Management Policy (《生物垃圾管理制度》).

In response to environmental emergencies, we have also developed the response plan for emergency environmental incidents (《突發環境事件應急預案》) to assess the risks we may face and formulate corresponding emergency plans.

Waste Emission and Management

Our hazardous waste includes waste organic solvents, waste resins, waste packaging drums (iron/plastic drums), waste activated carbon, waste engine oil, production waste (glass bottles/plastic bottles/laboratory utensils/gloves/masks/experimental paper), waste palladium-carbon catalysts, waste medicines, and waste ink cartridges and selenium drums. General solid waste includes general packaging (wooden frame, cardboard), pure water system waste resins, waste membranes, domestic waste (plastic paper fruit shells, scrapped office electronic products (including waste batteries), waste fluorescent tubes), among others.

We have established a series of strict management procedures and resolutely implement them to ensure compliance with applicable environmental protection laws and regulations. For hazardous waste, our EHS Department has developed a hazardous waste management plan and promptly submitted it for approval as required by the environmental protection department. We strictly implement procedures for the collection, storage, and disposal of hazardous waste as outlined in the Hazardous Waste Emission Control Management Policy. Also, the EHS Department delegates the disposal of hazardous waste to professional qualified units.

Additionally, to effectively reduce the generation of hazardous waste, we have implemented the following waste minimization measures:

- Enhancing Solvent Utilization Efficiency: By improving process workflows, we maximize the efficiency of solvent use, thereby reducing overall solvent consumption. This measure helps to lower production costs and minimizes the amount of hazardous waste generated from solvent disposal.

- Strengthening Waste Classification Management: We strictly enforce the segregation of hazardous waste from general industrial waste to ensure that they are not mixed. Accurate classification prevents unnecessary resource waste and further mitigates environmental pollution risks caused by misclassification. Furthermore, it enables the adoption of more precise disposal procedures, improving overall disposal efficiency.

For general industrial solid waste, mainly waste cardboard and scrap iron sheets, we also commission professional agencies for recycling.

The quantities of our hazardous and non-hazardous waste in 2022, 2023 and 2024, respectively, were as follows:

	Years ended December 31,		
Waste	**2022**	**2023**	**2024**
Hazardous waste (tonnes)	2,703.9	2,275.0	3,386.0
Recyclable waste (tonnes)	2.3	2.7	2.9

To reduce and control the generation of exhaust gases, the EHS Department arranges annual testing of exhaust gas emissions, applies for discharge permits from the environmental protection department, and pays discharge fees as required. Based on the test results and actual control needs, we install activated carbon absorption devices to reduce exhaust gas emissions.

Additionally, we have developed an emergency response rescue plan for accidents to address situations where we discover atmospheric pollution leading to abnormal air quality. The total emissions of pollutants from exhaust gases generated by our factories in 2022, 2023 and 2024, respectively, were as follows:

	Years ended December 31,		
Waste	**2022**	**2023**	**2024**
Industrial exhaust gases (tonnes)	1.5	1.6	0.9

In order to strengthen the pollution prevention and control of our wastewater, improve the quality of our water environment, and comply with emission standards, we have developed the Wastewater Emission Management Policy. For hazardous waste liquids generated from production, we strictly adhere to the procedures for collection, storage, and treatment outlined in the Hazardous Waste Emission Control Management Policy. For general production wastewater, on if all emission indicators meet requirements, it is discharged to the sewage treatment plant. We install an online water quality monitoring system capable of real-time monitoring of chemical oxygen demand, suspended solids, ammonia nitrogen, and pH in wastewater. Personnel from the EHS Department conduct daily inspections of online monitoring stations and commission third-party testing units to sample and test discharge outlets monthly. Also, we have a series of emergency devices and have formulated the Emergency Preparedness and Response Control Procedures to address abnormal situations. Our wastewater discharges in 2022, 2023 and 2024, respectively, were as follows:

	Years ended December 31,		
Waste	**2022**	**2023**	**2024**
Waste water (tonnes)	55,875	43,498	51,135

Resource Consumption and Carbon Emissions

Our primary resource consumption includes gasoline, diesel, electricity purchased from the grid, heat purchased from municipalities, and water resources. Electricity is the main source of carbon emissions for our Group among these. Therefore, we are committed to improving energy efficiency to reduce carbon emissions. In order to strive and contribute to the reduction of overall greenhouse gas ("**GHG**") emissions, we monitor resource consumption by integrating the concept of resource conservation into our corporate culture as well as our daily operations in relation to production and offices. Moreover, we conduct regular assessments, make continuous improvements, eliminate equipment with high energy consumption and high pollution, and introduce high-efficiency, energy-saving, and low-pollution equipment such as

electric motors, fans, and pumps, reducing carbon emissions. We actively optimize processes to reduce energy and chemical usage, lowering pollutant emissions. The total quantity and intensity of various resource consumptions in 2022, 2023 and 2024, respectively, were as follows:

	Years ended December 31,		
Consumption	**2022**	**2023**	**2024**
Water resource consumption (tonnes)	69,844	72,694	70,148
Water resource consumption intensity (tonne/revenue of RMB10,000)	2.0	2.2	1.6
Gasoline consumption (L)	9,993	12,305	13,405
Gasoline consumption intensity (L/revenue of RMB10,000)	0.3	0.4	0.3
Diesel consumption (L)	3,854	1,195	1,577
Diesel consumption intensity (L/revenue of RMB10,000)	0.1	0.04	0.04
Heat consumption (GJ)	15,081	16,859	19,042
Heat consumption intensity (GJ/revenue of RMB10,000))	0.4	0.5	0.4
Electricity consumption (MWh)	9,420	10,333	11,484
Electricity consumption intensity (MWh/revenue of RMB10,000)	0.3	0.3	0.3

	Years ended December 31,		
Carbon dioxide emission	**2022**	**2023**	**2024**
Scope 1[(1)] (tCO_2e)	33.7	32.2	35.8
Scope 2[(1)] (tCO_2e)	7,031.4	7,747.3	8,644.1
Total GHG emissions (tCO_2e)	7,065.1	7,779.4	8,679.8
Intensity (tCO_2e/revenue of RMB10,000)	0.2	0.2	0.2

Notes:

(1) The scopes 1 to 2 greenhouse gas emissions classification was determined according to Greenhouse Gas Protocols.

We have made reference to the ESG performance (including the level of energy consumption, exhaust gas emissions, and waste management) disclosed in the prospectus and annual reports of leading companies in the industry, and our ESG performance is comparable to those industry leaders. Specifically, the total water consumption of the above-mentioned companies in 2023 ranged from 18,393 tonnes to 210,020 tonnes, total electricity consumption ranged from 3,500 KWh to 32,418 KWh, and GHG emissions ranged from 2,137 tonnes to 33,569 tonnes.

We are committed to controlling electricity consumption and GHG emissions. The table below sets out our emission reduction targets for GHG emissions and electricity consumption over the next three years compared to the actual figures for 2024.

Consumption	2024	Targets for each of the next three years (2025-2027)
GHG emissions intensity (tCO_2e/revenue of RMB10,000)	0.2	no more than 0.4
Electricity consumption intensity (MWh/revenue of RMB10,000)	0.3	no more than 0.5

In pursuit of our long-term goals, we aim to achieve carbon neutrality by 2060. Throughout this period, we remain steadfast in our commitment to consistently reduce the intensity of carbon dioxide emissions. To attain this target, we have implemented and will continue to adopt measures that control resource and energy consumption in our daily operations, thereby effectively lowering carbon emissions. Our investments in upgrading our facilities to lower energy consumption include replacing conventional lights with energy-efficient LED lights and installing variable frequency air conditioning systems. In addition to the aforementioned measures, our energy-saving and environmental protection initiatives encompass ongoing research and development aimed at reducing solvent usage. We also prioritize sustainability by utilizing recyclable stainless-steel barrels for certain solvent storage. Furthermore, when there are new construction, renovation and expansion projects, as well as new processes, products or equipment, we requires that pollution prevention and mitigation facilities must be designed, constructed, and operational simultaneously with the main projects. We believe that these pollution control facilities meet environmental impact assessment requirements and remain operational without unauthorized dismantling or idle periods. In our recent construction projects, we prioritize energy efficiency by incorporating energy-saving devices and materials wherever possible. These include energy-efficient windows, roofing materials, air conditioning equipment, and lighting systems. Additionally, we diligently maintain all equipment, promptly addressing aging or abnormal energy consumption. When necessary, we opt for repairs or replacements, even if it entails increased costs. This strategic approach not only reduces long-term energy expenses but also helps us avoid potential penalties for excessive emissions in the future. Furthermore, we explore sustainable alternatives such as solar photovoltaic power generation and the use of green electricity, whenever circumstances allow, to contribute to our goal of achieving carbon neutrality.

We also focus on emissions in Scope 3. We plan to initiate the assessment of our Scope 3 greenhouse gas emissions, and have implemented a series of emission reduction measures for Scope 3 carbon emissions. We plan to complete the data collection of Scope 3 for 2024 at the beginning of 2025, which will be used as our data baseline for the future. To reduce emissions in Scope 3, we have implemented several measures, including but not limited to: (i) posting water and electricity saving signs in prominent locations within the office to raise employee awareness about environmental issues; (ii) encouraging duplex printing and electronic reporting to foster a paperless office environment; (iii) promoting conference calls and online meetings to minimize unnecessary travel; (iv) encouraging employees to prioritize public transport and green travel for their commutes and business trips; (v) maximizing the reuse, recycling, and remanufacturing of materials in our production processes to enhance solid waste utilization and reduce overall waste; and (vi) evaluating the environmental performance of suppliers in terms of energy consumption, production methods, and transportation modes, and encouraging them to optimize their carbon emissions. We will continue to focus on suppliers and upstream and downstream transport and distribution to reduce carbon emissions from the corporate value chain. By 2030, we aim to reduce our water intensity by 20% and our comprehensive utilization of solid waste by 85% in China, both compared to 2023 levels. In addition, we closely monitor the implementation of these goals and make timely adjustments and improvements to our strategies as the Company's development situation evolves.

Climate Change

We recognize the importance of addressing the risks of climate change. To ensure our long-term resilience to climate risks, we refer to the recommendations of the Task Force on Climate-related Financial Disclosures to assess and implement various climate change risk management measures to remain vigilant against addressing climate change-related impacts and risks in our business operations.

Climate change-related risk			Potential impacts	Response measures
Transition Risks	Policy and legal risks	Environmental regulation	• Allocation of carbon emission allowances by the government and pressure on the cost of carbon • Costs of energy and raw materials due to stricter regulation and costs of disposal of pollutants or hazardous waste • Fines, business losses, closure of operations, and negative impacts on brand and reputation	• Enhance compliance operations • Take the initiative to promote energy conservation and emission reduction, and adjust the structure of energy use • Strengthen supply chain management
		Litigation risk	• Production or supply chain disruption, leading to litigation risks associated with inability of companies to fulfill their contracts on time	
	Technology risk	Transition costs of low-carbon emission technologies	• The budget related to the research and development of green chemistry technology • Increased costs due to equipment upgrades and procurement of new equipment technology	• Increase energy conservation and consumption reduction, and improve the efficiency of energy use to reduce operating costs in the long term • Intensify the introduction of professional talent and talent cultivation efforts • Take the initiative to promote green and low-carbon transition

Climate change-related risk			Potential impacts	Response measures
	Market risk	Changes in customer behavior	• Loss of orders and revenue due to disclosure of carbon neutral targets and data failing to meet the needs of downstream customers	• Improve ESG governance structure and proactively respond to ESG-related issues • Enhance information disclosure and stakeholder communication
		Rising cost of raw materials	• Reduced quantity and quality of raw materials. A decrease in quantity will increase the cost of raw materials, thereby increasing operating costs of enterprises	• Strengthen supply chain management
	Reputation risk	Increasing concerns about negative feedback from stakeholders	• As corporate stakeholders, including investors and customers, are increasingly concerned about sustainable development and climate change issues, insufficient corporate information disclosure can damage a company's reputation	• Improve ESG governance structure and proactively respond to ESG-related issues • Enhance information disclosure and stakeholder communication
Physical risks	Acute risks	Increased severity of extreme weather events, such as typhoons or floods	• Damage to property and assets, including buildings, infrastructure and others • Production/supply chain may be unable to complete deliveries in time, disrupting business	• Property insurance • Develop emergency response plans • Strengthen supply chain management
	Chronic risks	Average temperature rise	• Increased energy consumption and operating costs	

CERTIFICATES, PERMITS AND LICENSES

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in the United States and the PRC, and such licenses, permits and certifications all remain in full effect. For more details regarding the laws and regulations to which we are subject, see "Regulatory Overview" in this Prospectus. There is no material legal impediment in renewing such licenses, permits, approvals and certificates as they expire in the future as long as we are in compliance with applicable laws, regulations and rules. During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for any non-compliance relating to maintenance and renewal of our material licenses, permits, approvals and certificates.

The following table sets forth a summary of our material licenses, permits and certificates that we obtained as of the Latest Practicable Date:

Certificates/Permits/ Licenses	Certificate/ Permit/ License Number	Issuing Authority	Effective Date	Expiry Date
License to Discharge Urban Sewage into the Drainage Network (城鎮污水排入排水管網許可證)	Zhe330108 No. 1101 (浙330108字第1101號)	Qiantang New District Management Committee (錢塘新區管理委員會)	July 13, 2021	July 12, 2026
Notification of Approval of Marketing Application for Chemical APIs (2021YS00035) (化學原料藥上市申請批准通知書 (2021YS00035))[(1)]	Y20190001147	NMPA (國家藥品監督管理局)	December 21, 2021	December 20, 2026
Notification of Approval of Marketing Application for Chemical APIs (2022YS00342) (化學原料藥上市申請批准通知書 (2022YS00342))[(2)]	Y20200000281	NMPA (國家藥品監督管理局)	April 8, 2022	April 7, 2027
Certificate of Suitability	RO-CEP 2020-111 – Rev 00	European Directorate for the Quality of Medicines & Health Care	May 23, 2022	May 22, 2027

Certificates/Permits/ Licenses	Certificate/ Permit/ License Number	Issuing Authority	Effective Date	Expiry Date
Certificate of Work Safety Standardization (安全生產標準化證書)	HangAQBQT III 202200619 (杭AQBQT III 202200619)	Hangzhou Emergency Management Bureau (杭州市應急管理局)	March 28, 2025	March 2028
Drug Manufacturing License (藥品生產許可證)	Zhe20050090 (浙20050090)	Zhejiang Medical Products Administration (浙江省藥品監督管理局)	July 27, 2021	September 2, 2029
Notification of Approval for Re-registration of Chemical APIs (2023R000952) (化學原料藥再註冊批准通知書 (2023R000952))	Y20170001090	Zhejiang Medical Products Administration (浙江省藥品監督管理局)	February 22, 2023	February 21, 2028
License of Pollution Discharge (排污許可證)	91330101730894878 2001P	Hangzhou Ecology and Environment Bureau (杭州市生態環境局)	August 14, 2023	September 1, 2029
Medical devices Quality Management Systems Requirements for Regulatory Purposes (用於法規要求的醫療器械質量管理體系)	Q8 067952 0007 Rev. 00	TÜV SÜD Product Service GmbH	August 31, 2023	August 30, 2026
Occupational Health and Safety Management System Certificate (職業健康安全管理體系認證證書)	00122S33245R3M/3302	China Quality Certification Center (中國質量認證中心)	September 11, 2023	January 9, 2026
Environmental Management System Certificate (環境管理體系認證證書)	00122E33568R3M/3302	China Quality Certification Center (中國質量認證中心)	September 12, 2023	January 5, 2026

Certificates/Permits/ Licenses	Certificate/ Permit/ License Number	Issuing Authority	Effective Date	Expiry Date
Quality Management System Certificate (質量管理體系認證證書)	00123Q37290R4M/3302	China Quality Certification Center (中國質量認證中心)	September 14, 2023	September 16, 2026
Notification of Approval of Re-registration for Chemical APIs (2024R001058) (化學原料藥再註冊批准通知書(2024R001058))	China Drug Administration Code H20090283/ Y20190007496 (國藥准字H20090283/ Y20190007496)	Zhejiang Medical Products Administration (浙江省藥品監督管理局)	February 7, 2024	February 6, 2029
Written Confirmation for Active Substances Exported to EU (出口歐盟原料藥證明)	ZJ240144	Zhejiang Medical Products Administration (浙江省藥品監督管理局)	September 26, 2024	September 15, 2026

Notes:

(1) This marketing application is for cetrorelix acetate.

(2) This marketing application is for terlipressin acetate.

AWARDS AND RECOGNITIONS

The table below sets forth a summary of the major awards and recognition we received during the Track Record Period.

Award/Recognition	Award Date	Awarding Organization/Authority
High-growth Company in the Biopharmaceutical Industry of Zhejiang Province (浙江省生物醫藥產業高成長型企業)	2024	Department of Economy and Informatization of Zhejiang Province (浙江省經濟和信息化廳)
National-level Specialized, Excellent, Featured and Innovative "Little Giant" Company (國家級專精特新「小巨人」企業)	2024	Ministry of Industry and Information Technology (工業和信息化部)
Candidate Products for Hangzhou High-Quality Recommendation Items (杭州市優質產品推薦目錄候選產品)	2024	Hangzhou Economic and Information Technology Bureau (杭州市經濟和信息化局)

Award/Recognition	Award Date	Awarding Organization/Authority
National Post-doctoral Research Center (國家級博士後科研工作站)	2024	Ministry of Human Resources and Social Security, (人力資源和社會保障部, National Postdoctoral Management Committee (全國博士後管委會)
Candidate Products for Hangzhou High-Quality Recommendation Items (杭州市優質產品推薦目錄候選產品)	2023	Hangzhou Economic and Information Technology Bureau (杭州市經濟和信息化局)
Zhejiang Province Hidden Champion Company (浙江省隱形冠軍)	2023	Department of Economy and Informatization of Zhejiang Province (浙江省經濟和信息化廳)
Specialized, Excellent, Featured and Innovative Small and Medium Company of Zhejiang Province (浙江省專精特新中小企業)	2023	Department of Economy and Informatization of Zhejiang Province (浙江省經濟和信息化廳)
Qiantang New District Talent-Oriented Company (錢塘新區重才愛才先進單位)	2021	Qiantang New District Working Committee, Qiantang New District Management Committee (錢塘新區工作委員會,錢塘新區管理委員會)

LEGAL AND COMPLIANCE MATTERS

Legal Proceedings

We may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us.

Legal and Regulatory Compliance

We are committed to complying with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our Group as a whole.

Immaterial Non-compliance

Failure to Make Full Contributions to Social Insurance and Housing Provident Funds

According to the Social Insurance Law and the Regulation on the Administration of Housing Provident Funds and other applicable PRC regulations, any employer operating in China must open social insurance registration accounts and housing provident fund registration accounts, and contribute social insurance premium and housing provident fund for its employees. Any failure to make timely and adequate contribution of social insurance premium and housing provident fund for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such unpaid social insurance premium and housing provident fund within a specified period of time, and the competent authority may further impose fines or penalties.

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident funds for some of our employees as required under the applicable PRC laws and regulations, involving an immaterial amount which will not bring any material adverse effect on our operations. As advised by our PRC Legal Adviser, pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. In 2022, 2023 and 2024, the amount of shortfall in social insurance was RMB0.2 million, RMB0.1 million and RMB0.1 million, respectively. According to the above provisions, on the premise of failing to make up the payment by the deadline, we may face a maximum administrative penalty of a fine of RMB1.2 million. The PRC Legal Advisers are of the opinion that the impact is immaterial due to the small amount.

Furthermore, pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. In 2022, 2023 and 2024, the amount of shortfall in housing provident fund contributions was RMB0.4 million, RMB0.4 million and RMB0.1 million, respectively. The PRC Legal Advisers are of the opinion that the impact is immaterial due to the small amount.

We have obtained written confirmation from the competent social insurance and housing provident fund authorities where we operate confirming that we had not been subject to any penalties from such authorities during the Track Record Period. We would make timely payments for the deficient amount and overdue charges as soon as requested by the competent government authorities. As advised by the PRC Legal Advisers, the government authorities who issued the written confirmation were competent on the issue of social insurance and housing provident funds.

We have enhanced our internal control measures, including (i) designating our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis; (ii) monitoring closely any updates of the laws, regulations and policies from time to time so as to ensure that we can respond to any changes with respect to social insurance and housing provident fund requirements; (iii) consulting our PRC Legal Adviser for advice on relevant PRC laws and regulations; and (iv) adopted the "Social Insurance and Housing Provident Fund Management Policies" (《企業社保公積金管理制度》) which clearly requires that (a) we make full and timely contribution to social insurance and housing provident funds for employees in compliance with relevant laws and regulations; (b) our contribution records be open to supervision by employees and competent authorities; (c) we periodically report our contribution status to the competent authorities; and (d) we be subject to requests by employees to raise objections over social insurance and housing provident funds and rectification measures, if applicable.

Our Directors believe that such non-compliance would not have a material adverse effect on our business and results of operations, considering that: (i) as advised by our PRC Legal Adviser (based on the written confirmations issued by the competent government authorities of our Company and its subsidiaries and public searches conducted), we had not been subject to any administrative penalties from the social insurance and housing provident fund authorities during the Track Record Period and up to the Latest Practicable Date; (ii) we were neither aware of any employee complaints filed against us nor involved in any labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date; (iii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing provident funds; and (iv) such non-compliance will not have a material adverse effect on our financial condition or results of operations taken as a whole. As a result, we did not make any provisions in connection with these non-compliances during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that the competent authority will not require us to rectify any non-compliance by making contribution of unpaid social insurance premium and housing provident fund or impose fine or penalty related thereto.

Failure to Obtain the Relevant Permits for the Construction of Temporary Fixture

We have not obtained the relevant permits for the construction of temporary fixture with an aggregate GFA of approximately 389 sq.m, representing less than 2% of total owned GFA. Such temporary fixture is used primarily for protecting instruments from the weather, which are immaterial to our operations. Pursuant to Urban and Rural Planning Law of the PRC, any temporary fixture constructed without permission are subject to a demolition order from the local authorities within a prescribed period of time; and if the temporary fixture cannot be demolished, it will be confiscated, and we may incur a fine up to 10% of the total construction work cost. As a consequence of the foregoing, our rights to these temporary fixtures may be

limited or challenged by relevant governmental authorities. We may be subject to administrative fines of up to RMB0.06 million given the total temporary fixture cost of RMB0.6 million or other penalties due to the lack of the relevant regulatory permits, certificates and approvals.

We have obtained written confirmation from the competent urban-rural planning and administrative law enforcement authorities confirming that no administrative penalty had been taken or imposed by the relevant authorities during the Track Record Period with respect to our operation of properties. As advised by our PRC Legal Advisers, the urban-rural planning and administrative law enforcement authorities who issued the written confirmation were competent on this issue. As of the Latest Practicable Date, we were not aware of any actual or contemplated actions, claims or investigations by any relevant governmental authorities or third parties against us with respect to the lack of permits for our temporary fixture in use. On this basis and having considered confirmations from the relevant local governmental authorities, our Directors believe that the lack of such relevant permits will not, individually or in the aggregate, materially affect our business and results of operations.

We have enhanced our internal control measures and procedures to manage the associated risks and prevent the recurrence of such incidents. We have formulated and issued the "Project Management Policies" (《工程項目管理制度》), which clearly requires obtaining the relevant land use planning permit, construction project planning permit and construction permit prior to construction commencement, and designates personnel in charge of monitoring and ensuring compliance throughout our construction projects.

Inaccurately Declaring Product Names and Codes While Exporting Triptorelin Acetate and Leuprorelin Acetate

China imposes controls on the import and export of products. According to the Customs Law of the PRC (《中華人民共和國海關法》), where a consignee or consignor of import or export goods or a Customs clearing enterprise handles Customs declaration procedures, they shall be subject to registration by Customs in accordance with law. On December 20, 2022, Qianjiang Customs of China penalized us for inaccurately declaring product names and codes while exporting triptorelin acetate and leuprorelin acetate, resulting in a fine of RMB370,000. The penalty has been duly settled. We have obtained a written confirmation issued by the competent Qianjiang Customs, confirming that it does not impact our customs credit rating and there are no further violations recorded during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Adviser, the penalty is unlikely to have any material adverse effect on our financial condition or results of operations as a whole or the Global Offering, because (i) the penalty we received falls within the lower end of the range of the regulatory penalty scale, and (ii) we have mitigating circumstances given that it is a one-time incident with no subsequent violation.

We enhance our internal control measures and procedures to manage the associated risks and prevent the recurrence of such incidents. We have formulated and issued the Procedures for Management of Sales of Peptide Hormone Stimulants (《多肽激素類興奮劑銷售管理程序》),

which requires us to strictly adopt custom commodity codes when making the export filings. Our quality assurance department is responsible for supervising the entire import and export process to prevent the incorrect declaration of product names and codes.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operations. Key operational risks that we face include changes in the overall market conditions and regulatory environment relating to the global peptide CRDMO service market and oligonucleotide CDMO service market, our ability to offer quality drug discovery, development and manufacturing services, our ability to manage anticipated growth and to execute on our growth strategies and our ability to compete with other CRDMO service providers. Please refer to the section headed "Risk Factors" in this Prospectus for a discussion of various risks and uncertainties that we face. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. Please see the paragraph headed "Financial Information—Quantitative and Qualitative Disclosures about Market Risks" in this Prospectus for a discussion of these market risks.

- Our Board is in charge of our overall risk management and is responsible for the effectiveness of our enterprise risk management. Our Board (i) drives the establishment of our enterprise risk management system; (ii) determines the overall objectives of our risk management; (iii) approves the policies related to risk management; (iv) approves the risk management strategy and the evaluation criterion of the major risks, major events and important matters; (v) understands the material risks and management reality; (vi) approves the risk management report submitted by our senior management; (vii) supervises the development of the risk management culture of our Company; (viii) decides other major issues related to risk management.

- Our audit committee and our internal audit department are mainly responsible for the design of the evaluation system of the enterprise risk management, development of the evaluation and supervision policies, execution of the evaluation and supervision activities and issuance of the audit/evaluation report.

- Our legal department is responsible for the execution of our enterprise risk management, which includes: (i) guiding the development of our Company's risk management system; (ii) reviewing the evaluation report in connection with the rationale of our Company's risk management policies and its effectiveness; (iii) guiding the establishment of the risk management mechanism in each department of our Company and supervise their execution; (iv) periodically reviewing the progress of our Company's risk management and report to the our senior management; (v) coordinating and dealing with other major issues related to the risk management.

Internal Controls

We have engaged an internal control consultant (the "**Internal Control Consultant**") to perform certain agreed-upon procedures in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Company's entity-level controls and internal controls of various processes, including environment controls, risk assessment, control activities, information and communication, internal monitoring, sales and receivables management, purchases and payment management, inventory management, production management, R&D management, human resources and remuneration management, treasury management, fixed asset and intangible asset management, reporting and disclosure, tax, insurance, contract management and information system management. Regarding the Company's internal control management, the Internal Control Consultant identified deficiencies, primarily concerning the absence of listing-related systems and the need to enhance management of process systems. In response, the Company established and implemented a corresponding internal control management system in May 2024 to regulate its operations in alignment with its business situation.

We have adopted a series of internal control policies, measures and procedures to facilitate and ensure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, among other things. During the Track Record Period, we have regularly reviewed and enhanced our internal control system. The following is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have set up an internal control department and an internal audit department, which are responsible for the overall internal control development and assessment of our Company.

- Our internal control department is responsible for issuing and amending internal control policies, measures and procedures to ensure that we maintain comprehensive and effective internal control.

- Our internal audit department organizes periodic inspections relating to the implementation of and adherence to the internal controls of each business department. We conduct internal control inspections through on-site visit, random sampling and other means. Upon completion of on-site visits, our internal audit department delivers to the head of the relevant business department information and statistics related to the risks discovered during the visits and any suggested remedial action. The head of the relevant business department is then required to carry out the relevant remedies.

- The head of each business department is responsible for implementing relevant internal control policies, measures and procedures and conducting regular review regarding the implementation of such policies, measures and procedures.

- We have adopted various measures and procedures for all of our business operations, including project management, quality assurance, intellectual property protection, environmental protection and occupational health and safety.

- Our internal control department has established a whistleblowing mechanism regarding complaints against our Directors, senior management, employees, customers and other business partners, and independent and fair investigation is conducted on any reported complaints. The internal control department has also established a hotline and specific email for our employees to report their complaints and inquiries. In addition, the internal control department has established whistleblowing policies that regulate the reporting channels, case officers, investigation procedures and results reports related thereto, and that explicitly state that retaliation against whistleblowers is prohibited.

- We have engaged compliance adviser to provide advice to our Directors and management team for at least the period commencing from the Listing Date and ending on the date that our Company publishes its first full financial year results regarding matters relating to the Listing Rules.

Anti-bribery

We maintain a strict code of conduct and anti-corruption policies among our employees and partners. We believe we will be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We strictly prohibit bribery or other improper payments in our business operations. This prohibition applies to all business activities, anywhere globally, whether involving government officials or healthcare professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of unusual, excessive or inadequately described expenses should be rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. We will also ensure marketing team personnel comply with applicable promotion and advertising requirements.

Data Privacy Protection

We have established procedures to protect the confidentiality of data. We implement strict internal policies to govern the collection, handling, storage, retrieval of, and access to client data and pharmaceutical technology and production data and protect the security and confidentiality of client data to ensure compliance with all applicable national or international rules and regulations on data protection and privacy. We usually require our personnel to collect and safeguard client data in their possession. Our information technology network is configured with multiple layers of protection to secure our databases and servers. We have also implemented a variety of protocols and procedures to safeguard our data assets and prevent

unauthorized access to our network. To enhance the security management of our information system, we have instructed our information security personnel to conduct ongoing security monitoring of computer equipment, promptly address network vulnerabilities, and implement access control measures for specific hardware and software.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of confidential client information or any other client information-related incidents which could cause a material adverse effect on our business, financial condition or results of operations. We provide customers with APIs rather than drug products. Thus, we do not, nor do we plan to, perform any clinical trials or otherwise interact with patients, trial participants or other individuals in China or the United States apart from employees of our business partners (such as suppliers and customers) with whom we conduct ordinary course of business. Specifically, we currently do not and do not plan to conduct any clinical trials in our Rocklin Site. Our customers are pharmaceutical and biotech companies rather than individual consumers. As such, we do not and will not need to collect any personal information from any individuals during our ordinary course of business. In addition, we do not, nor do we plan to, engage in the transmission of personal information and important data to overseas parties; nor do we allow or intend to allow foreign individuals or organizations to access personal information stored within China. Based on the above, our operations in the United States are not in contravention to any data privacy laws. Based solely on the Company's confirmation that the Company does not collect, process or store personal data or information in the U.S. or with respect to any U.S. person, our U.S. Local Counsel, MagStone Law, LLP, is of the view that, during the Track Record Period and up to the Latest Practicable Date, nothing came to its attention that the our business has violated any applicable U.S. data and privacy laws which has resulted in or would be reasonably expected to result in a material adverse effect on our business and operations. Our PRC data compliance adviser Han Kun Law Offices have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalty in relation to data privacy, had not been involved in any accident or fatality and had been in compliance with the relevant PRC laws and regulations in all material aspects.

Sanction Compliance

Our legal and compliance departments lead the sanction compliance function with support from the finance department and sales and supply chain department and oversight from the management. Each department is required to follow due diligence procedures to comply with our sanction compliance policy. We will provide training on United States Economic Sanctions and on the sanction compliance policy to all employees upon onboarding, as well as periodic refresher training. In order to better ensure our compliance with the applicable laws and regulations, we have taken the initiative to adopt the following sanction compliance measures:

- Employees should immediately consult with legal and compliance departments when dealing with an entity or individual in a high-risk country or when there is a suspicion that a sanctioned country, entity or individual is involved.

- In order to ensure compliance with applicable United States Economic Sanctions, to identify target persons, and to avoid possible United States sanctions risk, we conduct OFAC screening of all our customers, vendors, and other service providers and counterparties.

- Employees should consult with the legal and compliance departments to include or review sanctions language in contracts. Employees should report to legal and compliance departments if employees become aware that an existing counterparty has been sanctioned.

- We will not enter into any agreement with, sell or provide any products or services to, or receive or obtain any products or services from any OFAC's List of Specially Designated Nationals and Blocked Persons (SDNs) or any entity 50 percent or more owned, directly or indirectly, by one or more SDNs.

- All direct and indirect sales to or purchases from parties in target countries or parties that are identified as possible "hits" to the SDN list or OFAC's Sectoral Sanctions Identification List must be pre-approved by CEO.

- United States Person employees of us will not approve or participate, directly or indirectly, in any transactions or dealings with or that involve sanctions targets.

- The legal department will as appropriate conduct United States Economic Sanctions risk assessments that include an assessment of the following: (i) customers, supply chain, intermediaries, and counter-parties; (ii) the products and services it offers, including how and where such items fit into other financial or commercial products, services, networks, or systems; and (iii) the geographic locations of the organization, as well as its customers, supply chain, intermediaries, and counterparties.

BOARD OF DIRECTORS

Our Board of Directors consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. Our Board is responsible and has general powers for the management and operation of the Company's business.

The table below sets forth certain information in respect of the members of the Board:

Name	Age	Position for the current tenure	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Executive Directors					
Dr. Xu Qi (徐琪)	57	Chairwoman, Executive Director, and Chief Executive Officer	June 2003	June 11, 2020	Responsible for overseeing the overall business strategy and operational management
Dr. Li Xiang (李湘)*Note 1*	61	Executive Director	August 2001	January 27, 2022	Responsible for overseeing the R&D activities, strategic planning and operational management
Ms. Li Xiangli (李湘莉)*Note 1*	50	Executive Director	August 2005	January 27, 2022	Responsible for overall board affairs and overseeing the compliance of Group's R&D and manufacturing activities
Ms. Cheng Tao	53	Executive Director and Chief Business Officer	July 2012	May 14, 2024	Responsible for overseeing and managing commercial aspects of operations
Ms. Li Lingmei (李玲梅)	49	Executive Director, Joint Company Secretary and secretary to the Board	September 2023	May 14, 2024	Responsible for the corporate governance, information disclosure, investor relationship management and investment and financing

Name	Age	Position for the current tenure	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Non-executive Director					
Mr. Wu Yihui (吳一暉)	52	Non-executive Director	December 2021	January 27, 2022	Participating in the formulation of our Company's corporate and business strategies
Independent non-executive Directors					
Dr. Yu Cheung Hoi (于常海)	70	Independent non-executive Director	May 2024	May 23, 2024*Note 2*	Supervising and providing independent judgment to the Board
Dr. Zhu Xun (朱迅)	66	Independent non-executive Director	May 2024	May 23, 2024*Note 2*	Supervising and providing independent judgment to the Board
Mr. Xia Xinsheng (夏心晟)	40	Independent non-executive Director	May 2024	May 23, 2024*Note 2*	Supervising and providing independent judgment to the Board

Note 1: Dr. Li Xiang is the brother of Ms. Li.

Note 2: The appointment will become effective upon the Listing.

DIRECTORS

Executive Directors

Dr. Xu Qi (徐琪), aged 57, is our chairwoman of the Board, executive Director and the Chief Executive Officer. Dr. Xu has served as our Chief Executive Officer since June 2020. She has been our Director since June 2020, and was re-designated as an executive Director in May 2024. Dr. Xu has also been serving as the legal representative, general manager and/or director at certain of our subsidiaries.

Dr. Xu has over 23 years of experience in the pharmaceutical and biotech industries. Dr. Xu joined Chinese Peptide in June 2003, and from June 2003 to June 2018, she was the general manager of Chinese Peptide. Since July 2018, she has been the chief executive officer of Chinese Peptide. Dr. Xu served as a director from May 2015 to August 2020 and a deputy general manager from February 2016 to June 2020 at Xinbang. Prior to joining Chinese Peptide, from July 1999 to May 2001, Dr. Xu worked as a director of new drug R&D at Changchun GeneScience Pharmaceuticals Co., Ltd. (長春金賽藥業有限責任公司). She was a postdoctoral researcher at Akita University in Japan from May 2001 to May 2002.

Dr. Xu obtained a bachelor's degree in clinical medicine, a master's degree in Pathophysiology and a PhD in Biochemistry and Molecular Biology from Bethune Medical University (白求恩醫科大學) (currently known as School of Basic Medicine of Jilin University (吉林大學基礎醫學院)) in the PRC in July 1991, July 1997 and July 2000, respectively.

Dr. Li Xiang (李湘), aged 61, is an executive Director and has been a Director since January 2022. He was re-designated as an executive Director in May 2024. Dr. Li has also been serving as the director at certain of our subsidiaries.

Dr. Li has over 30 years of experience in the pharmaceutical and biotech industries. Dr. Li founded Chinese Peptide in August 2001, and has been its chairman since its establishment, responsible for its strategic management, investment and financing activities. From May 2015 to August 2020, Dr. Li also served as the deputy chairman and a director of Xinbang. Prior to that, Dr. Li worked as the chief operating officer of American Peptide Company, a company primarily engaged in peptides manufacturing, from June 1989 to April 2004.

Dr. Li co-founded Zhejiang Handing Pharmaceutical Co., Ltd.* (浙江漢鼎醫藥有限公司, "**Zhejiang Handing**") in April 2021, and has been its chairman since then. Zhejiang Handing is primarily engaged in the development of innovative drugs. For more information of Zhejiang Handing and the transactions between Zhejiang Handing and our Group, see the section headed "Connected Transaction." Dr. Li has been an independent director at Hangzhou Highlightll Pharmaceutical Co., Ltd. (杭州高光製藥有限公司) since November 2021. Dr. Li also co-founded and worked at Lake Capital from March 2017 to April 2021.

Dr. Li obtained a bachelor's degree in chemistry from Wuhan University (武漢大學) in the PRC in July 1983. He then obtained a PhD in Science, majoring in organic chemistry in the Chinese Institute of Chemistry (中國科學院) in the PRC in January 1989. Following that, Dr. Li worked as a postdoctoral research fellow at the Lawrence Berkeley Laboratory in the USA in February 1989. Dr. Li obtained an MBA degree from IMD business school of Switzerland and an EMBA degree from the Cheung Kong Graduate School of Business (長江商學院) both in September 2016 in the PRC.

Ms. Li Xiangli (李湘莉), aged 50, is our executive Director. Ms. Li has been our Director since January 2022 and was re-designated as an executive Director in May 2024. Ms. Li has also been serving as the director and/or supervisor at certain of our subsidiaries.

Ms. Li has extensive experience in management and quality assurance in the pharmaceutical sector. Ms. Li joined Chinese Peptide in 2005, and has been the director of Chinese Peptide since 2012. She has been working at the quality assurance department of Chinese Peptide, and is currently the vice president of Chinese Peptide in area of compliance management of R&D, production and quality system. Ms. Li has been the chairperson of our ESG committee, responsible for monitoring the implementation and progress of the Company's ESG work. Prior to joining our Group, from July 1997 to September 2005, Ms. Li worked at Anyang Normal University (安陽師範學院), responsible for teaching management.

Ms. Li graduated from Henan Radio and Television University (河南廣播電視大學) in the PRC in June 1995, majoring in mechanical process technology.

Ms. Cheng Tao, aged 53, is our executive Director and Chief Business Officer of our Group. Ms. Cheng has been appointed as our executive Director since May 2024.

Ms. Cheng joined our Group in July 2012, and has been serving as the Chief Business Officer of Chinese Peptide since July 2012. She is mainly responsible for the Group's sales and marketing, client services and marketing strategy.

Ms. Cheng has extensive experience in the pharmaceutical and biopharmaceutical industries. Before joining our Group in 2012, she was a senior vice president at Asymchem Laboratories Inc, a manufacturer of advanced chemical intermediates for the pharmaceutical and biotech industry. From August 1995 to January 2009, Ms. Cheng served as the chief representative in China at Charabot SA, a company primarily engaged in manufacturing.

Ms. Cheng obtained a bachelor's degree in biology from Beijing Normal University (北京師範大學) in the PRC in July 1993.

Ms. Li Lingmei (李玲梅), aged 49, is our executive Director, joint company secretary and the secretary to the Board. Ms. Li Lingmei has been appointed as our executive Director since May 2024. Ms. Li Lingmei joined our Group in September 2023 as the secretary to the Board.

Prior to joining our Group, from February 2023 to September 2023, she was an industry expert at Firstred Capital (晨壹投資), which is primarily engaged in buy & build opportunities with a focus on new economy industries including industrial & technology, healthcare, and consumer sectors. From September 2018 to November 2022, she worked at ICLEGEND MICRO group, and was the vice president of sales and marketing of ICLEGEND MICRO (Nanjing) Co., Ltd. (南京矽典微系統有限公司), which is focused on advancing wireless technology through innovative products and solutions, from August 2019 to November 2022. From November 2016 to July 2018, she worked as a sales director at Nexperia (China) Co., Ltd, a company known for essential components used in a wide range of electronic designs globally.

Ms. Li Lingmei graduated from Southeast University (東南大學) in the PRC in June 1999, majoring in computer science. She obtained a finance master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2013. Additionally, Ms. Li Lingmei obtained an MBA degree from IMD Business School and an EMBA degree Cheung Kong Graduate School of Business (長江商學院) in the PRC both in September 2016. She obtained the Fund Practitioner Qualification from the Asset Management Association of China (中國證券投資基金業協會) in May 2019.

Non-executive Director

Mr. Wu Yihui (吳一暉), aged 52, is our non-executive Director. Mr. Wu was appointed as a Director in January 2022 and was re-designated as a non-executive Director in May 2024.

Mr. Wu has over 27 years of experience in the banking and investment management industries. Mr. Wu has served as the executive director and general manager of Hangzhou Puyang Investment Management Co., Ltd.* (杭州普陽投資管理有限公司) since October 2016, and Zhejiang Great Bear Investment Management Co., Ltd. (浙江大雄私募基金管理有限公司) since May 2017. From March 2015 to October 2016, Mr. Wu was the risk control director at Zhejiang Tianyi Investment Management Co., Ltd.* (浙江天易投資管理有限公司). From April 2011 to October 2016, he was the deputy general manager at Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. (浙江普華天勤股權投資管理有限公司). From April 2007 to April 2011, Mr. Wu served as the marketing manager at the Yanzhong branch of the Industrial and Commercial Bank of China in Hangzhou. From July 1994 to April 2007, he worked at the Baoshu branch of the Industrial and Commercial Bank of China in Hangzhou, where his last position was a branch principal. From September 2019 to April 2024, he was an independent director at Zhejiang Tiansong Medical Equipment Co., Ltd. (浙江天松醫療器械股份有限公司). From July 2018 to August 2022, he was a director at Zhejiang Jindao Technology Co., Ltd. (浙江金道科技股份有限公司) (stock code: 301279.SZ).

Mr. Wu obtained a master's degree in business administration from Zhejiang University (浙江大學) in the PRC in December 2007. Since December 2009, Mr. Wu has been accredited as a Certified Public Accountant in the PRC.

Independent Non-executive Directors

Dr. Yu Cheung Hoi (于常海), aged 70, was appointed as an independent non-executive Director in May 2024 with effect from the Listing Date.

Dr. Yu has served as (i) a director of CR-CP Life Science Fund Management Limited since May 2021; (ii) a member of the Biotech Advisory Panel of the Stock Exchange since April 2018; (iii) a member of the board of trustees of Gordon Research Conference, a group of international scientific conferences covering biological, chemical and physical sciences and the related technologies since July 2014; (iv) a director at Asian Fund for Cancer Research since November 2012; and (v) a member of the Technology and Innovation Subsector of the Election Committee of Hong Kong since October 2021.

Dr. Yu served as the chairman of the Hong Kong Council for Testing and Certification from January 2016 to December 2021. In addition to that, Dr. Yu serves as a professor at the Neuroscience Research Institute (北京大學神經科學研究所) at Peking University (北京大學) since December 2001. Dr. Yu founded the Hong Kong Biotechnology Organization (HKBIO) in September 2009 and the Guangdong – Hong Kong – Macao Greater Bay Area Biotechnology Alliance in December 2017, and has been serving as the president since Dr. Yu's appointment. Dr. Yu also founded Hong Kong DNA Chips Limited, presently Hai Kang Life Corporation Limited, in May 1999, and has been serving as chairman and CEO since April 2007. Dr. Yu was appointed as a Justice of the Peace in July 2016.

Dr. Yu has been an independent non-executive director of Sirnaomics Ltd., a company listed on the Stock Exchange (stock code: 2257) since December 2021. Dr. Yu has also served as a director of Keen Vision Acquisition Corporation, a company listed on NASDAQ Global Market (stock ticker: KVAC), since October 2021. Dr. Yu has served as an independent non-executive director of YNBY International Limited, a company listed on the Stock Exchange (stock code: 0030), since November 2023.

Dr. Yu obtained a bachelor's degree and a master's degree in science, and a PhD in philosophy at the University of Saskatchewan in May 1976, October 1980 and May 1984, respectively. Dr. Yu has published more than 170 scientific papers and is the inventor of more than 70 global patents.

Dr. Zhu Xun (朱迅), aged 66, was appointed as an independent non-executive Director in May 2024 with effect from the Listing Date.

Since July 2016, Dr. Zhu has been a director of Changchun Yinuoke Pharmaceutical Technology Co., Ltd. (長春億諾科醫藥科技有限責任公司). Dr. Zhu has been a director of Jianaishi Biomedical Technology (Hangzhou) Co., Ltd. (健艾仕生物醫藥科技(杭州)有限公司) since March 2018 and was a director at Beijing Dingchi Biotechnology Co., Ltd. (北京鼎持生物技術有限公司) from December 2016 to October 2022. Dr. Zhu served as the vice chairman of the board of directors and the general manager in Feiman (Changchun) Pharmaceutical Biotechnology Co., Ltd. (斐縵(長春)醫藥生物科技有限責任公司) (formerly known as Changchun Botai Medicine Biology Technology Co., Ltd. (長春博泰醫藥生物技術有限責任公司)) from April 2004 to September 2011. He also served several positions in Norman Bethune Medical University (白求恩醫科大學) (currently known as School of Basic Medicine of Jilin University (吉林大學基礎醫學院)), including lecturer, professor and doctoral supervisor in the immunological department, dean of the department and vice president of the University from December 1985 to June 2018.

As of the Latest Practicable Date, he served as a non-executive director or an independent non-executive director of two listed companies, namely HighTide Therapeutics, Inc. (君聖泰醫藥), a company listed on the Stock Exchange (stock code: 2511) since November 2020, and Sihuan Pharmaceutical Holdings Group Ltd. (四環醫藥控股集團有限公司), a company listed on the Stock Exchange (stock code: 0460), since February 2014. From March 2018 to June 2024, he was an independent director at Shenzhen Chipscreen Biosciences Co., Ltd. (深圳微芯生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688321). From September 2022 to December 2023, Dr. Zhu was an independent non-executive director of Lansen Pharmaceutical Holdings Limited (朗生醫藥控股有限公司), a company which was listed on the Main Board of the Stock Exchange before it was delisted (stock code: 0503).

Dr. Zhu obtained a bachelor's degree in medicine from Jilin Medical College (吉林醫學院) (currently known as Beihua University (北華大學)) in December 1982 in the PRC and obtained a PhD in medicine from Norman Bethune Medical University (白求恩醫科大學) (currently known as School of Basic Medicine of Jilin University (吉林大學基礎醫學院)) in April 1989 in the PRC.

Notwithstanding that Dr. Zhu holds a number of listed and non-listed company directorships, the Board believes that he will still be able to devote sufficient time to our Board because (i) none of his commitments to such other companies are of an executive nature and none of them require him to devote his full time and attention to the day-to-day operations or management of those companies; (ii) Dr. Zhu has demonstrated that he is able to properly discharge his duties owed to multiple listed companies and has attended nearly all of the required board meetings as well as board committee meetings of these listed companies; (iii) Dr. Zhu's experience as a director of listed companies in both Hong Kong and the PRC would facilitate his understanding of corporate governance and his proper discharge of responsibilities as a director of our Company; and (iv) Dr. Zhu has undertaken to devote sufficient time to attending to the management of our Company as an independent non-executive Director. Other than the routine board and board committee meetings, he will also provide additional professional advice related to business development of the Company to the Board from time to time.

Dr. Zhu was a director of Beijing Yitang Biotechnology Co., Ltd.* (北京怡唐生物科技有限公司), a PRC incorporated company, which was dissolved in June 2022 because it had not been in operations for a long time. Dr. Zhu confirmed that, Beijing Yitang Biotechnology Co., Ltd. ceased its business and became dormant, and was solvent before its dissolution. Dr. Zhu was a director of Shenzhen Zhongke Huierli Biotechnology Co., Ltd.* (深圳中科卉爾立生物科技有限公司), a PRC incorporated company, which was wound up due to bankruptcy on June 11, 2021 as a result of its founder's involvement in a lawsuit, in which Dr. Zhu as an investor representative to the board was not involved in such lawsuit. Dr. Zhu also confirmed that, there was no wrongful act on the part of Dr. Zhu leading to the dissolution of Beijing Yitang Biotechnology Co., Ltd. or the winding-up of Shenzhen Zhongke Huierli Biotechnology Co., Ltd. and that as of the Latest Practicable Date, no claims have been made against Dr. Zhu and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolution of Beijing Yitang Biotechnology Co., Ltd. or the winding-up of Shenzhen Zhongke Huierli Biotechnology Co., Ltd.

Mr. Xia Xinsheng (夏心晟), aged 40, was appointed as an independent non-executive Director in May 2024 with effect upon the Listing Date.

From November 2022 to the present, he has been a partner at Beijing Hongchuang Private Equity Fund Management Co., Ltd.* (北京泓創私募基金管理有限公司). From July 2017 to September 2022, Mr. Xia was a partner at Ningbo Zehongziyue Investment Management Co., Ltd.* (寧波澤泓子悅投資管理有限公司). Before that, from August 2011 to June 2017, Mr. Xia worked at BVCF Management Ltd. (百奧財富投資諮詢(上海)有限公司) as the investment general manager and finance manager.

Mr. Xia obtained a bachelor's degree in international economics and trade from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2007. Since March 2015, Mr. Xia has been accredited as a Certified Public Accountant in the PRC.

SUPERVISORS

Our Supervisory Committee currently consists of three Supervisors, one of whom is the chairperson of our Supervisory Committee. Pursuant to our Articles of Association, at least one-third of our Supervisors must be employee representatives elected by our employees. We have one employee representative supervisor elected by our employees and two shareholder representative Supervisors elected and appointed by our Shareholders at the Shareholders' meeting.

Each of the Supervisors is appointed for a term of three years which is renewable upon re-election and re-appointment. Pursuant to the Articles of Association, the functions and powers of the board of supervisors include, among other things, reviewing the financial management of our Company, supervising the performance of our Directors and senior management members, and monitoring as to whether they comply with the law, administrative stipulations and Articles of Association when performing their duties, requesting Directors and senior management members to rectify actions detrimental to our Company's interests. In addition, our board of Supervisors is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations.

The following table sets forth the key information of our Supervisors:

Name	Age	Position for the current tenure	Time of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Ms. Yan Xiya (顏喜亞)	60	Chairperson of the Supervisory Committee	November 2020	February 4, 2023	Supervising our Board and senior management
Mr. Wu Haigang (吳海剛)	46	Supervisor	September 2001	February 4, 2023	Supervising our Board and senior management
Ms. Fu Hongying (傅紅英)	43	Supervisor	February 2014	February 4, 2023	Supervising our Board and senior management

Ms. Yan Xiya (顏喜亞), aged 60, is the chairperson of the Supervisory Committee and senior vice president of Chinese Peptide. Ms. Yan was appointed as a shareholders' representative Supervisor in February 2023.

Ms. Yan joined our Group as a deputy general manager of quality assurance in November 2020. Since January 2024, she has been the senior vice president of Chinese Peptide, overseeing its quality management and registration. Prior to joining our Group, Ms. Yan consecutively served as a vice general manager and vice president of quality at Hai Zheng Hangzhou Pharmaceutical Co., Ltd.* (海正藥業(杭州)有限公司), a wholly-owned subsidiary of Zhejiang Hisun Pharmaceutical Co., Ltd. (浙江海正藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600267), from August 2013 to November 2020.

From August 2011 to August 2013, she was the vice general manager of quality at CSPC Zhongnuo Pharmaceutical Shijiazhuang Co., Ltd. (石藥集團中諾藥業(石家莊)有限公司(高科生產區)) and served the same position at CSPC Shijiazhuang Gaoke Pharmaceutical Technology Development Co., Ltd.* (石藥集團石家莊高科醫藥科技開發有限公司) from September 2008 to August 2011. She served as the director of quality at North China Hua Sheng Pharmaceutical Co., Ltd.* (華北製藥華勝有限公司) from April 2004 to September 2008. From July 1986 to April 2004, she was a senior engineer at North China Pharmaceutical Co., Ltd* (華北製藥股份有限公司).

Ms. Yan obtained a bachelor's degree in microbiology and biochemistry from Hebei University (河北大學) in the PRC in July 1986.

Mr. Wu Haigang (吳海剛), aged 46, is our shareholders' representative Supervisor and executive vice president of Chinese Peptide. Mr. Wu was appointed as a shareholders' representative Supervisor in February 2023.

Mr. Wu joined Chinese Peptide in September 2001, and has successively served various roles in Chinese Peptide, including a deputy manager of its purification department, manager of peptide purification department, deputy manager of production department, director of production, senior deputy manager of peptide business unit from September 2001 to December 2023. Since January 2024, he has been the executive vice president of Chinese Peptide, responsible for oversees our CDMO operations center, including production management, global supply chain management, and group facilities and safety management.

Mr. Wu obtained a bachelor's degree in Biochemistry from Zhejiang University (浙江大學) in the PRC in July 2000. He also obtained a master's degree in Bioengineering from Zhejiang University of Technology (浙江工業大學) in the PRC in January 2015.

Ms. Fu Hongying (傅紅英), aged 43, is our employee representative Supervisor and senior director of human resources of Chinese Peptide. Ms. Fu was appointed as an employee representative Supervisor in February 2023.

Ms. Fu joined our Group in February 2014, and has served various roles in the human resources department of our Group, including a manager, a senior manager, the human resources director, and senior director of human resources. From May 2005 to April 2012, she worked as the human resources manager at Jeanswest International (Hong Kong) Co., Ltd.* (浙江真維斯服飾有限公司).

Ms. Fu obtained a bachelor's degree in human resources management from Zhejiang University (浙江大學) in the PRC in January 2010.

SENIOR MANAGEMENT

Our senior management is responsible for our day-to-day management and business operation. The following table sets forth the key information of our senior management:

Name	Age	Position(s) for the current tenure	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Dr. Xu Qi (徐琪)	57	Chairwoman, Executive Director and Chief Executive Officer	June 2003	June 2003	Responsible for overseeing the overall business strategy and operational management
Ms. Cheng Tao	53	Executive Director and Chief Business Officer	July 2012	July 2012	Responsible for overseeing and managing commercial aspects of operations
Ms. Li Lingmei (李玲梅)	49	Executive Director, Joint Company Secretary and Secretary to the Board	September 2023	September 2023	Responsible for the corporate governance, information disclosure, investor relationship management and investment and financing
Mr. Xu Weiqun (徐偉群)	52	Finance Director	October 2020	October 2020	Responsible for the management and operation of finance department

Dr. Xu Qi (徐琪), aged 57, is our chairwoman of the Board, executive Director and the Chief Executive Officer. For details of her biography, see the section headed "—Executive Directors."

Ms. Cheng Tao, aged 53, is our executive Director and Chief Business Officer. For details of her biography, see the section headed "—Executive Directors."

Ms. Li Lingmei (李玲梅) aged 49, is our executive Director, joint company secretary and Secretary to the Board. For details of her biography, see the section headed "—Executive Directors."

Mr. Xu Weiqun (徐偉群), aged 52, is our finance director of our Group, and is responsible for the management and operation of the finance department of our Company. Mr. Xu joined our Group in October 2020 and served as our finance director from October 2020 to March 2023. In March 2024, Mr. Xu rejoined our Group as our finance director.

From August 2016 to October 2020, Mr. Xu was the senior finance director at Wanxiang A123 Systems Corp (萬向一二三股份公司), a member of Wanxiang Group Corporation (萬向集團), which is primarily engaged in the development and production of battery system solutions. He was responsible for the management of its financial accounting department,

taxation matters, and cost and financial analysis. From August 2009 to July 2016, he worked at Suzhou Taizhu Technology Development Co., Ltd. (蘇州泰珠科技發展有限公司), a subsidiary of Merck KGaA (stock code: MRK.DE) with the last position as a financial director. From August 1994 to December 2000, Mr. Xu worked at Hangzhou Yingtai Biology Science and Technology Co., Ltd. (杭州穎泰生物科技有限公司).

Mr. Xu graduated from Nanjing Audit University (南京審計大學) in the PRC in July 1994, majoring in auditing. Since December 2001, Mr. Xu has been accredited as a Certified Public Accountant in the PRC and since January 2024, he has been accredited as a Certified Management Accountant in the United States.

FURTHER INFORMATION IN RELATION TO THE DIRECTORS

In February 2010, with a view to developing a diagnostic reagent manufacturing and sales business in Jiangsu, Dr. Xu and Ms. Li established Jiangsu Diagnostic Biotechnology Co., Ltd. (江蘇戴格諾思生物技術有限公司) ("**Diagnostic Biotech**") in Jiangsu with effective shareholding of 91% and 9%, respectively. Between 2010 and 2012, to leverage the existing established in vitro diagnostic reagents technologies of Chinese Peptide, Diagnostic Biotech entered into several technology transfer or licensing agreements (the "**Related Party Transactions**") with Chinese Peptide or its wholly-owned subsidiary, Hangzhou Acatide and paid technology development and/or license fees of RMB1.5 million and RMB4.6 million to Chinese Peptide and Hangzhou Acatide, respectively. In April 2013, considering the difficulty in the business operations of Diagnostic Biotech, the entire equity interests in Diagnostic Biotech were transferred to two Independent Third Parties at nil consideration (the "**Equity Transfer**"), on the basis that Diagnostic Biotech did not have a substantive amount of net assets at the time of the Equity Transfer. In 2015 and 2018, after a few years' operation, Diagnostic Biotech (then controlled by the independent third-party buyers) initiated two litigations against each of Dr. Xu, Chinese Peptide and Hangzhou Acatide (the "**Litigations**"), claiming the relevant technologies had not been transferred or licensed to Diagnostic Biotech and initiated a claim for infringement of company's interest with related party transactions against among others, Dr. Xu, Chinese Peptide, and/or Hangzhou Acatide for monetary compensation of RMB1.5 million and RMB4.6 million, respectively.

After multiple instances of court trials, appeals and retrials, the final judicial authority of the Litigations found in December 2020 and April 2021 that (a) the co-defendants should bear the burden of proving that the transfer of technologies did occur; and (b) the co-defendants were unable to produce sufficient evidence pointing to the actual transfer of technologies to Diagnostic Biotech. Dr. Xu, Chinese Peptide and/or Hangzhou Acatide were therefore held liable to damages of RMB1.5 million and RMB4.6 million together with accrued interests, respectively. As of the Latest Practicable Date, (i) the damages payable under the Litigations had been settled in full by Dr. Xu; and (ii) there were no unsatisfied judgments or court orders of continuing effect against Dr. Xu, Chinese Peptide or Hangzhou Acatide.

Considering (a) the primary reason for Dr. Xu and the other defendants lost in the Litigations was the lack of documentation and evidence pursuant to the final judgments of the Litigations; (b) Dr. Xu's involvement in the Related Party Transactions were motivated by a genuine intention to develop the business of Diagnostic Biotech and Chinese Peptide and foster business synergies between these two companies under her management; and (c) there was no direct indication in the final judgments that Dr. Xu acted with malicious intent, fraud, dishonesty or engaged in deceptive practices which would affect her suitability as a director and a controlling shareholder of a company, the Directors are of the view that the Litigations will not have any material adverse effect to the Group, and do not affect the suitability of Dr. Xu to act as a Director under Rules 3.08 and 3.09 of the Listing Rules and a Controlling Shareholder of our Company.

From August 2003 to October 2006, Dr. Xu and Dr. Li Xiang served as a director of Hangzhou Sentai Pharmaceutical Co. Ltd.* (杭州森泰藥業有限公司) ("**Hangzhou Sentai**"), the business license of which was revoked by local SAIC authority in October 2006 due to the fact that it was not engaging in any business activities for more than six months prior to the date of the revocation. As of the time of the revocation, Hangzhou Sentai was not insolvent, did not have any outstanding liabilities and was not involved in any pending claims. Since the revocation and up to the Latest Practicable Date, Hangzhou Sentai had not carried out any business activities and, so far as Dr. Xu and Dr. Li Xiang was aware, the revocation of the business license of Hangzhou Sentai has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against them.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, none of our Directors, Supervisors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus. There are no other matters with respect to the appointment of our Directors and Supervisors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, as of the Latest Practicable Date, none of our Directors, Supervisors or senior management were related to other Directors, Supervisors or senior management of our Company.

Save as disclosed in the sections headed "Relationship with our Controlling Shareholders", "Substantial Shareholders" and "Appendix IV—Statutory and General Information—Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders—Interests and short positions of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations", as of the Latest Practicable Date, none of our Directors and Supervisors held any interest in the securities within the meaning of Part XV of the SFO.

JOINT COMPANY SECRETARIES

Ms. Li Lingmei (李玲梅), is our executive Director, joint company secretary and Secretary to the Board. For details of her biography, see the section headed "—Executive Directors."

Mr. Lee Chung Shing (李忠成), was appointed as our joint company secretary on May 14, 2024 with immediate effect. Mr. Lee has over 20 years of experience in auditing, financial management, company secretarial and investors relation in listed companies in Hong Kong. He is currently a vice president of Governance Services of Computershare Hong Kong Investor Services Limited and the joint company secretary/company secretary of various companies, whose shares are listed on the Stock Exchange. Mr. Lee was admitted as an associate of the Hong Kong Institute of Certified Public Accountants in March 1999 and a fellow member of the Association of Chartered Certified Accountants in July 2003. He obtained a bachelor's degree in accountancy from City University of Hong Kong in December 1994 and a master's degree in business administration (financial services) from The Hong Kong Polytechnic University in November 2002.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Xia Xinsheng (夏心晟), Dr. Yu Cheung Hoi (于常海) and Dr. Zhu Xun (朱迅). Mr. Xia Xinsheng (夏心晟), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the Chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;
- guiding internal audit work;
- examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters;
- assessing the effectiveness of internal control;

- coordinating the communication among management, internal audit department, related departments and external audit agency; and

- dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Dr. Zhu Xun (朱迅), Dr. Xu and Mr. Xia Xinsheng (夏心晟). Dr. Zhu Xun (朱迅) serves as the Chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- formulating individual remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;

- examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation;

- supervising the implementation of the remuneration plan of the Company;

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

- dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Dr. Xu, Dr. Yu Cheung Hoi (于常海) and Mr. Xia Xinsheng (夏心晟). Dr. Xu serves as the Chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure;

- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;

- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;

- examining our Board candidates, general manager and members of the senior management and making recommendations to our Board;

- assessing and reviewing the independence of independent non-executive Directors; and

- dealing with other matters that are authorized by our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

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

As of the Latest Practicable Date, Dr. Li Xiang was a director of Zhejiang Handing and held more than 30% equity interests in Zhejiang Handing. Zhejiang Handing is a biotechnology company, primarily engaged in development of innovative therapies targeting vascular diseases, fibrosis, and cancer. From time to time, Zhejiang Handing will procure CRDMO services from our Company. As Zhejiang Handing is our customer, and considering Zhejiang Handing and our Group engaged in different businesses, the Directors are of the view that, the business of Zhejiang Handing will not compete or will not be likely to compete, either directly or indirectly, with our Group's business. For details of the services procured by Zhejiang Handing from our Company, please see the section headed "Connected Transaction."

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 May 16 and May 29, 2024, respectively, 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 the independent non-executive Directors confirms (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 has no past or present financial or other interest in the business of the Company or its subsidiaries 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 are no other factors that may affect his independence at the time of his appointments.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and senior management receive their remuneration in the form of Directors' or Supervisors' salary and allowances, contributions to our retirement benefit scheme, discretionary bonuses and other benefits in kind (if applicable).

For the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our then Directors amounted to approximately RMB4.3 million, RMB3.9 million and RMB13.3 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, the total remuneration paid to our then Supervisors amounted to approximately RMB0.8 million, RMB3.0 million and RMB4.8 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors in kind for their service for the year ending December 31, 2025 to be approximately RMB16.2 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

For the years ended December 31, 2022, 2023 and 2024, the total emoluments paid to the five highest paid individuals (including Directors and Supervisors) by our Group amounted to approximately RMB13.9 million, RMB12.3 million and RMB17.3 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, no fees were paid by our Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

Save as disclosed above, none of the Directors or Supervisors waived their remuneration during the relevant period. The remuneration of Directors, Supervisors and senior management is determined with reference to factors including operating results of our Company, market comparable and the achievement of major operating indicators of our Company.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with 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.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairperson and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairperson and chief executive and Dr. Xu, our chairperson of the Board, executive Director and chief executive officer, currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, given that: (1) decision to be made by our Board requires approval by at least a majority of our Directors; (2) Dr. Xu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that she acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (3) the balance of power and authority is ensured by the operations of the Board, including three independent non-executive Directors, and has a fairly strong independence element; and (4) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board, and senior management levels.

The Board will continue to review and consider splitting the roles of chairperson and chief executive of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to the Company's corporate governance measures, please see the section headed "Relationship with our Controlling Shareholders—Corporate Governance Measures."

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of automotive, finance, corporate management and governance. They obtained degrees in various areas including automotive, pharmacy, engineering, management and business administration. Our Board Diversity Policy

is well implemented as evidenced by the fact that there are Directors ranging from 40 years old to 70 years old and comprises four female Directors and five male Directors. We will use our best efforts to maintain at least two female representations on the Board and continue to take steps to promote diversity at all levels of the Company including but without limitation to our Board and senior management levels, to enhance the effectiveness of corporate governance of the Company as a whole. In particular, the Company will continue to put effort into maintaining a pipeline of potential successors of the Board to maintain or achieve gender diversity via different channels, such as by engaging human resources agencies to identify potential successors for the Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will review the board diversity policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Altus Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to 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:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

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 Date.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to subscribe, subject to certain conditions, or cause their designated entities to subscribe (as the case may be) at the Offer Price with certain investment amount (the "**Cornerstone Placing**"). The calculations in this section, which are based on the exchange rate as disclosed in the section headed "Information about this Prospectus and the Global Offering", are for illustration purpose.

Assuming an Offer Price of HK$28.40, being the low-end of the Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 2,763,800 Offer Shares, representing approximately (i) 16.45% of the H Shares offered pursuant to the Global offering, and (ii) 1.95% of our total issued share capital immediately upon completion of the Global Offering, and the total subscription amount by the Cornerstone Investors would be approximately US$10 million (approximately HK$78.49 million).

Assuming an Offer Price of HK$29.50, being the mid-point of the Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 2,660,800 Offer Shares, representing approximately (i) 15.84% of the H Shares offered pursuant to the Global offering, and (ii) 1.88% of our total issued share capital immediately upon completion of the Global Offering, and the total subscription amount by the Cornerstone Investors would be approximately US$10 million (approximately HK$78.49 million).

Assuming an Offer Price of HK$30.60, being the high-end of the Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 2,565,000 Offer Shares, representing approximately (i) 15.27% of the H Shares offered pursuant to the Global offering, and (ii) 1.81% of our total issued share capital immediately upon completion of the Global Offering, and the total subscription amount by the Cornerstone Investors would be approximately US$10 million (approximately HK$78.49 million).

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our business and prospect.

To the best knowledge of our Company, each of the Cornerstone Investors (i) is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to taking instructions from our Company, the Directors, the Supervisors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer

Shares by any of the Cornerstone Investors is financed by our Company, the Directors, the Supervisors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) each Cornerstone Investor will be utilizing their internal resources as their source of funding for the subscription of the Offer Shares; and (v) no approval from other stock exchange is required for each Cornerstone Investor's investment in our Company as described in this section.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company, and the Cornerstone Investors will not have any Board representation in our Company. 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. There are no side agreements or arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors 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 paragraph headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation and Clawback" in this Prospectus. Each of the Cornerstone Investors has agreed that if the total demand for the H Shares in the Hong Kong Public Offering falls within the circumstances as set out in the aforesaid section of this Prospectus, the number of Offer Shares to be subscribed by such Cornerstone Investor shall be reduced on a pro rata basis to satisfy the shortfall, after taking into account the requirements under Appendix F1 to the Listing Rules.

Each of the Cornerstone Investors will pay and settle in full for the Offer Shares that the Cornerstone Investors have subscribed for before dealings in the Offer Shares commence on the Stock Exchange. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. Since there is no over-allotment option in the International Offering, there will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors. 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 issued by us on or around June 27, 2025.

OUR CORNERSTONE INVESTORS

Set out below in the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK$28.40 (being the low-end of the Offer Price range)

Name	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 100 H Shares)	Approximately % of total number of Offer Shares	Approximately % of total H Shares in issue immediately following the completion of the Global Offering	Approximately % of total Shares in issue immediately following the completion of Global Offering
CSPC	US$5 million[2]	1,381,900	8.23%	1.88%	0.97%
Welight Capital	US$5 million[2]	1,381,900	8.23%	1.88%	0.97%
Total	US$10 million	2,763,800	16.45%	3.76%	1.95%

Based on the Offer Price of HK$29.50 (being the mid-point of the Offer Price range)

Name	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 100 H Shares)	Approximately % of total number of Offer Shares	Approximately % of total H Shares in issue immediately following the completion of the Global Offering	Approximately % of total Shares in issue immediately following the completion of Global Offering
CSPC	US$5 million[2]	1,330,400	7.92%	1.81%	0.94%
Welight Capital	US$5 million[2]	1,330,400	7.92%	1.81%	0.94%
Total	US$10 million	2,660,800	15.84%	3.62%	1.88%

Based on the Offer Price of HK$30.60 (being the high-end of the Offer Price range)

Name	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 100 H Shares)	Approximately % of total number of Offer Shares	Approximately % of total H Shares in issue immediately following the completion of the Global Offering	Approximately % of total Shares in issue immediately following the completion of Global Offering
CSPC	US$5 million[2]	1,282,500	7.63%	1.74%	0.90%
Welight Capital	US$5 million[2]	1,282,500	7.63%	1.74%	0.90%
Total	US$10 million	2,565,000	15.27%	3.49%	1.81%

Notes:

(1) Calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering—Exchange Rate Conversion" in this Prospectus.

(2) The investment amount is exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee, and the AFRC transaction levy.

The following information about the Cornerstone Investors was provided to our Company by the Cornerstone Investors in relation to the Cornerstone Placing. Other than CSPC, none of the Cornerstone Investors is a listed company or a subsidiary of a listed company.

CSPC

Dragon Merit Holdings Limited, a limited liability company established in Hong Kong, is wholly-owned by CSPC Pharmaceutical Group Limited ("**CSPC**", Stock Code: 1093). CSPC is a well-known pharmaceutical company in China, with its shares listed on the Main Board of the Stock Exchange since 1994 and became a constituent of the Hang Seng Index in 2018. Currently, CSPC is mainly engaged in businesses of research and development, as well as production and sales of pharmaceutical products. It takes innovative drugs as the core development strategy. At present, CSPC has strong product portfolios in therapeutic areas such as nervous system, oncology, cardiovascular and metabolic diseases. It also has a national top research and development team, with research and development bases in Shijiazhuang, Shanghai, Beijing and the United States. CSPC focuses on the discovery and research and development of small molecule targeted drugs, nanodrugs, monoclonal antibody drugs, bispecific antibody drugs and antibody-drug conjugates.

As confirmed by Dragon Merit Holdings Limited, the approvals from CSPC's shareholders and Stock Exchange are not required for Dragon Merit Holdings Limited's subscription for the Shares pursuant to the relevant Cornerstone Investment Agreement. Dragon Merit Holdings Limited became aware of the cornerstone investment opportunities through commercial cooperation with the Company.

Welight Capital

Welight Capital L.P. ("**Welight Capital**") is a limited partnership established in the Cayman Islands in October 2015. The sole general partner of Welight Capital is Welight Capital Management Limited, which is a limited liability company incorporated in the Cayman Islands, and wholly owned by Welight Assets Limited. The sole limited partner of Welight Capital is Welight Assets Limited. Welight Assets Limited is a limited liability company incorporated in the BVI, and is wholly owned by Mr. Wu Xiaoguang (吳宵光). Mr. Wu Xiaoguang has extensive experience in product research and development, product planning, product operation and marketing of Internet business. Mr. Wu Xiaoguang joined Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 0700), in 1999 and had served as the product manager, general manager of instant messaging products, general manager of Internet business division and senior vice president of Internet services division. From 2012 to 2015, Mr. Wu Xiaoguang had served as the chief executive officer of Tencent E-Commerce Holdings Limited and was responsible for the development and management of the e-commerce business of the said company. Mr. Wu Xiaoguang has been the founding partner of Welight Capital (Hongkong) Limited (微光創投(香港)有限公司) since 2015. Mr. Wu Xiaoguang has been an independent non-executive director of Haidilao International Holding Ltd., a company listed on the Stock Exchange (stock code: 6862), since August 2021. The Company became acquainted with Welight Capital through the introduction by one of the Underwriters.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed according to the Underwriting Agreements and price determination agreement to be signed among the parties thereto in connection with the Global Offering;

(iii) the Listing Committee having granted the listing of, and permission to deal in, the H Shares (including the investors' Shares as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant Cornerstone Investment Agreement are and will be accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreements on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

OUR CONTROLLING SHAREHOLDERS

Since the establishment of our Company, Dr. Xu and Ms. Li have been acting in concert with each other in respect of all major affairs concerning our Group, having (i) discussed with one another to reach consensual decisions; and (ii) voted in a consistent manner (by themselves and/or through companies controlled by them, since the establishment of such companies, where applicable) in respect of all corporate matters relating to the financials and operations of our Group. Dr. Xu and Ms. Li have agreed to, provided that they remain key members in our Group or they remain interested in the share capital of our Company, continue to act in concert with each other after the Listing in the following manner: (i) act in concert and collectively for all material management affairs and the arrival and/or execution of all commercial decisions, including but not limited to financial and operational matters of our Group; (ii) cast unanimous vote collectively for or against all resolutions in all Shareholders' meetings of our Group; and (iii) cooperate with each another to maintain control and management of our Group. As of the Latest Practicable Date, Dr. Xu and Ms. Li collectively control the voting rights of approximately 76.42% of the total issued share capital of the Company, held directly by Ms. Li and indirectly by their respective controlled entities as set out below.

Immediately following the completion of the Global Offering, Dr. Xu and Ms. Li will control the voting rights of approximately 67.37% of the total issued share capital of our Company, held (a) directly by Ms. Li as to 7.24% of the total issued share capital of our Company; and (b) indirectly as to 60.12% by their respective controlled entities, including:

(i) Qikang International, being a company wholly-owned by Healthy Angel which is in turn wholly-owned by Dr. Xu, which holds approximately 42.01% of the total issued share capital of our Company;

(ii) Hangzhou Haiding, being a company held by Ms. Li as to 99% and her spouse, Mr. Li Congyan as to 1%, which holds approximately 10.87% of the total issued share capital of our Company; and

(iii) Employee Incentive Platforms, being limited partnerships of which Ms. Li is the sole general partner, which together hold approximately 7.25% of the total issued share capital of our Company.

Accordingly, upon the Listing, Dr. Xu and Ms. Li, together with Qikang International, Healthy Angel, Mr. Li Congyan, Hangzhou Haiding and the Employee Incentive Platforms, are a group of Controlling Shareholders of our Company. For details of Dr. Xu and Ms. Li, see the sections headed "History, Development and Corporate Structure" and "Directors, Supervisors and Senior Management."

RULE 8.10 OF THE LISTING RULES

The Controlling Shareholders and the Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the Listing.

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to franchisees and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of customers, suppliers, franchisees and business partners.

Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

(a) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests;

(b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(c) all of the independent non-executive Directors are independent of our Controlling Shareholders, and decisions of our Board require the approval of a majority vote from members of our Board. They have substantial experience in the industry, management or in corporate governance as further described in the section headed "Directors, Supervisors and Senior Management," which will enable them to discharge their duties independently from the Controlling Shareholders;

(d) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting; and

(e) our Company has appointed Altus Capital Limited as our Compliance Adviser, who will provide advice and guidance to our Company in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Financial Independence

Our Group has its own internal control, accounting, funding, reporting and financial management system as well as accounting and finance department. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with the Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with the Controlling Shareholders or any other entities controlled by them.

As of the Latest Practicable Date, our Group did not rely on the Controlling Shareholders and/or their close associates for any provision of financial assistance. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-IPO Investments from third party investors independently. For details of the Pre-IPO Investments, see the section headed "History, Development and Corporate Structure". During the Track Record Period, our Controlling Shareholders had provided loans to our Company. All such loans had been repaid as of the Latest Practicable Date. For more details, please see note 38 to the Accountants' Report in Appendix I to this Prospectus. Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, there was no loan, advance or guarantee provided by our group of Controlling Shareholders or his/its close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Group has established internal control mechanisms to identify connected transactions. Upon the Listing, if any transaction is proposed between our Group and our Controlling 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;

- our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Altus Capital Limited as our Compliance Adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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

We have entered into certain transaction with the following connected person, which will constitute continuing connected transaction of our Company upon Listing under Chapter 14A of the Listing Rules:

SUMMARY OF OUR CONNECTED PERSON

Name of connected person	Business of connected person	Connected relationship
Zhejiang Handing Pharmaceutical Co., Ltd.* (浙江漢鼎醫藥有限公司), a limited liability company established in the PRC on August 18, 2017 ("**Zhejiang Handing**")	Zhejiang Handing is a biotechnology company, primarily engaged in developing innovative therapies targeting vascular diseases, fibrosis, and cancer.	As of the Latest Practicable Date, Dr. Li Xiang, our executive Director, held approximately 64.25% interest in aggregate in Zhejiang Handing, (i) by himself as to approximately 41.45% and (ii) through Hangzhou Hongkang Enterprise Management Partnership (Limited Partnership) (杭州泓康企業管理合夥企業(有限合夥)) as to approximately 22.80%, which was owned by Dr. Li Xiang as to 99%. As such, Zhejiang Handing is an associate of Dr. Li Xiang, and therefore a connected person of our Company. Dr. Li Xiang also served as a director and the chairman of Zhejiang Handing.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Historically, Zhejiang Handing purchased and may, from time to time, purchase our CRDMO services. For each of the years ended December 31, 2022, 2023 and 2024, the total transaction amount on the purchase of CRDMO services by Zhejiang Handing from our Group was RMB0.4 million, RMB0.9 million, and RMB0.4 million, representing 0.1%, 0.3%, and 0.1% of our total revenue in the same year. The transactions between Zhejiang Handing and us are in the ordinary and usual course of business and on normal commercial terms or better than those available to independent third parties.

Our Company has entered into a service framework agreement with Zhejiang Handing (the "**Services Framework Agreement**") for a term of three years commencing from the Listing until December 31, 2027, and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules. Pursuant to the Services Framework Agreement, our Group will provide CRDMO services or CDMO

services to Zhejiang Handing as requested from time to time (the "**Services**"). We and Zhejiang Handing will enter into separate individual agreements or work orders to provide for the specific terms and conditions according to the principles provided in the Services Framework Agreement.

The Directors currently expect that the estimated amount of fees relating to transactions under the Services Framework Agreement for the three years ending December 31, 2027 are approximately RMB1.5 million, RMB2.0 million and RMB2.0 million, respectively.

The fees for the Services will be charged at rates no less favorable to our Group than those offered to independent third parties for comparable services, and will be determined by our Group and Zhejiang Handing through arm's length negotiation based on factors applicable to all customers, including but not limited to the nature, complexity, and specification of services to be provided, the fees charged by our Group for historical transactions of a similar nature, and the then prevailing market rates.

As each of the applicable percentage ratios in respect of the transactions contemplated under the Services Framework Agreement is expected to be less than 5% on an annual basis and the total consideration on an annual basis is less than HK$3 million, the aforesaid continuing connected transaction contemplated under the Services Framework Agreement will be fully exempt from the independent shareholders' approval, reporting, annual review, announcement and all disclosure requirements pursuant to Rule 14A.76(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and the conversion of our 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, will be, 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 our Company:

			Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering and Conversion of Unlisted Shares into H Shares		
Name of Shareholder	Nature of interest	Description of Shares	Number of Shares[1]	Percentage of shareholding in our total issued share capital	Number of Shares[1]	Percentage of shareholding in our Unlisted Shares/ H Shares[2]	Percentage of shareholding in our total issued share capital
Dr. Xu[3]	Interest in controlled corporation	Unlisted Shares	59,567,875	47.65%	47,654,300	69.87%	32.40%
		H Shares	–	–	11,913,575	16.19%	8.10%
	Interests held jointly with another person[4]	Unlisted Shares	35,957,000	28.77%	20,546,812	30.13%	13.97%
		H Shares	–	–	15,410,188	20.94%	10.48%
Healthy Angel[3]	Interest in controlled corporation	Unlisted Shares	59,567,875	47.65%	47,654,300	69.87%	32.40%
		H Shares	–	–	11,913,575	16.19%	8.10%
Qikang International[3]	Beneficial owner	Unlisted Shares	59,567,875	47.65%	47,654,300	69.87%	32.40%
		H Shares	–	–	11,913,575	16.19%	8.10%
Ms. Li[4]	Beneficial owner	Unlisted Shares	10,273,375	8.22%	5,136,687	7.53%	3.49%
		H Shares	–	–	5,136,688	6.98%	3.49%
	Interest in controlled corporations	Unlisted Shares	25,683,625	20.55%	15,410,125	22.60%	10.48%
		H Shares	–	–	10,273,500	13.96%	6.99%
	Interests held jointly with another person[3]	Unlisted Shares	59,567,875	47.65%	47,654,300	69.87%	32.40%
		H Shares	–	–	11,913,575	16.19%	8.10%
Hangzhou Haiding[4]	Beneficial owner	Unlisted Shares	15,410,125	12.33%	15,410,125	22.60%	10.48%
		H Shares	–	–	–	–	–
Mr. Wu Yihui (吳一暉)[5]	Interest in controlled corporation	Unlisted Shares	9,131,875	7.31%	–	–	–
		H Shares	–	–	9,131,875	12.41%	6.21%
Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司)[5]	Interest in controlled corporation	Unlisted Shares	9,131,875	7.31%	–	–	–
		H Shares	–	–	9,131,875	12.41%	6.21%

			Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering and Conversion of Unlisted Shares into H Shares		
Name of Shareholder	Nature of interest	Description of Shares	Number of Shares[1]	Percentage of shareholding in our total issued share capital	Number of Shares[1]	Percentage of shareholding in our Unlisted Shares/ H Shares[2]	Percentage of shareholding in our total issued share capital
Puhua Xiaxing[5]	Beneficial owner	Unlisted Shares	9,131,875	7.31%	–	–	–
		H Shares	–	–	9,131,875	12.41%	6.21%
Mr. Xie Li (謝力)[6]		Unlisted Shares	9,492,375	7.60%	–	–	–
		H Shares	–	–	9,492,375	12.90%	6.45%
Zhejiang Fenghua Investment Management Co., Ltd. (浙江澧華投資管理有限公司)[6]	Interest in controlled corporations	Unlisted Shares	9,492,375	7.60%	–	–	–
		H Shares	–	–	9,492,375	12.90%	6.45%
Haibang Fenghua[6]	Interest in controlled corporations	Unlisted Shares	9,492,375	7.60%	–	–	–
		H Shares	–	–	9,492,375	12.90%	6.45%
Haibang Taida[6]	Beneficial owner	Unlisted Shares	7,209,375	5.77%	–	–	–
		H Shares	–	–	7,209,375	9.80%	4.90%
Hangzhou Heda Xinyiyao[7]	Beneficial owner	Unlisted Shares	5,371,750	4.30%	–	–	–
		H Shares	–	–	5,371,750	7.30%	3.65%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 68,201,112 Unlisted Shares and 73,598,888 H Shares in issue immediately after completion of the Global Offering and conversion of the Unlisted Shares into H shares under full circulation, since 56,798,888 Unlisted Shares will be converted into H Shares and 16,800,000 H Shares will be issued pursuant to the Global Offering.

3. Qikang International is wholly-owned by Healthy Angel which is in turn wholly-owned by Dr. Xu. As such, Dr. Xu and Healthy Angel are deemed to be interested in the Shares held by Qikang International under the SFO. Since the establishment of our Company, Dr. Xu and Ms. Li have been acting in concert with each other in respect of all major affairs concerning our Group. Dr. Xu and Ms. Li have agreed to, provided that they remain key members in our Group or they remain interested in the share capital of our Company, continue to act in concert with each other after the Listing. As such, each of Dr. Xu and Ms. Li is deemed to be interested in the Shares held by each other by virtue of the SFO.

4. Hangzhou Haiding is owned by Ms. Li and her spouse, Mr. Li Congyan (李從岩) as to 99% and 1%, respectively. As such, Ms. Li is deemed to be interested in the Shares held by Hangzhou Haiding.

   Each of Hangzhou Xiyong and Hangzhou Yuanxi is our Employee Incentive Platform established as a limited partnership and is controlled by Ms. Li as its general partner. Ms. Li is responsible for the management of Hangzhou Xiyong and Hangzhou Yuanxi and exercising the voting rights attaching to the Shares held by Hangzhou Xiyong and Hangzhou Yuanxi, in accordance with the partnership agreements entered into among the general and limited partners of Hangzhou Xiyong and Hangzhou Yuanxi, respectively. As of the Latest Practicable Date, the Employee Incentive Platforms held 10,273,500 Shares in aggregate, representing approximately 8.22% of the total issued Shares of our Company. By virtue of the SFO, Ms. Li is deemed to be interested in the respective Shares held by Hangzhou Xiyong and Hangzhou Yuanxi.

5. Puhua Xiaxing is a limited partnership established in the PRC, the general partner of which is Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司), which is controlled by Mr. Wu Yihui (吳一暉), our non-executive Director. As such, Mr. Wu Yihui (吳一暉) and Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司) are deemed to be interested in the Shares held by Puhua Xiaxing under the SFO.

6. Each of Haibang Taida and Haibang Boyuan is a limited partnership established in the PRC, the general partner of which is Hangzhou Haibang Fenghua Investment Management Co., Ltd. (杭州海邦灃華投資管理有限公司, "**Haibang Fenghua**"). Haibang Fenghua is in turn controlled as to 75% by Zhejiang Fenghua Investment Management Co., Ltd. (浙江灃華投資管理有限公司), which is a company controlled by Mr. Xie Li (謝力) as to 46% equity interests. As such, Mr. Xie Li (謝力), Haibang Fenghua and Zhejiang Fenghua Investment Management Co., Ltd. (浙江灃華投資管理有限公司) are deemed to be interested in the respective Shares held by Haibang Taida and Haibang Boyuan.

   Other than Haibang Fenghua being a general partner, Haibang Boyuan has five limited partners, among which Hangzhou Haibang Xinrun Venture Capital Partnership (Limited Partnership) (杭州海邦鑫潤創業投資合夥企業(有限合夥)) holds approximately 49.05% partnership interests therein. As such, Haibang Xinrun Venture Capital Partnership (Limited Partnership) (杭州海邦鑫潤創業投資合夥企業(有限合夥)) is deemed to be interested in the Shares held by Haibang Boyuan under the SFO.

7. Hangzhou Heda Xinyiyao is a limited partnership established in the PRC, which is owned as to (i) 0.1% by its general partner, Hangzhou Heda Investment Management Co., Ltd., (ii) 80% by its limited partner, Hangyin Wealth Management Co., Ltd., and (iii) 19.9% by its limited partner, Hangzhou Heda Industry Fund Investment Co., Ltd. Hangzhou Heda Investment Management is controlled by Hangzhou Heda Financial Services Group Co., Ltd., which is wholly owned by Hangzhou Qiantang New Area Industrial Development Group Co., Ltd. As such, Hangzhou Heda Investment Management Co., Ltd., Hangyin Wealth Management Co., Ltd. and Hangzhou Heda Financial Services Group Co., Ltd. are deemed to be interested in the Shares held by Hangzhou Heda Xinyiyao under the SFO.

Save as disclosed above and the section headed "Appendix IV—Statutory and General Information—Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders – Interests and short positions of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations", our Directors are not aware of any person who will, immediately following 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.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB125,000,000, comprising 125,000,000 Unlisted Shares of nominal value RMB1.00 each.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and the conversion of certain Unlisted Shares into H Shares, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of Our Company
Unlisted Shares in issue	68,201,112	48.10%
H Share to be converted from Unlisted Shares	56,798,888	40.06%
H Shares to be issued under the Global Offering	16,800,000	11.85%
Total	**141,800,000**	**100.00%**

RANKING

Upon completion of the Global Offering, the Shares will consist of H Shares and Unlisted Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the required filings with the CSRC for the conversion, listing and trading of such converted Shares have been completed. 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. Save as disclosed in this Prospectus and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the filings with 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 class 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 filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted 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 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 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, see "History, Development and Corporate Structure—Capitalization."

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

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 unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

See "Underwriting—Hong Kong Underwriting Arrangements—Undertakings to the Stock Exchange pursuant to the Listing Rules—Undertakings by our Controlling Shareholders." for details of the lock-up undertaking given by our Controlling Shareholders.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

We established Employee Incentive Platforms, and adopted the Pre-IPO Employee Incentive Scheme in December 2020 and amended in November 2021 and November 2022. See the section headed "Statutory and General Information—Pre-IPO Employee Incentive Scheme" in Appendix IV to this Prospectus.

GENERAL MANDATE TO ISSUE SHARES SELL AND/OR TRANSFER TREASURY SHARES AND REPURCHASE MANDATE

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue our Shares and sell and/or transfer our Shares out of treasury that are held as treasury shares and repurchase our Shares. See the section headed "Appendix IV—Statutory and General Information—Further Information about our Company—Resolutions of our Shareholders" for further details.

SHAREHOLDERS' GENERAL MEETING

See the section headed "Appendix III—Summary of Articles of Association" for details of circumstances under which our general Shareholders' meeting is required.

You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants' Report set out in Appendix I to this Prospectus which have been prepared in accordance with IFRS and the selected historical financial information and operating data included elsewhere in this Prospectus. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in "Risk Factors" in this Prospectus.

OVERVIEW

We are the third largest peptide-focused CRDMO worldwide in terms of sales revenue in 2023, according to Frost & Sullivan. We are also one of the most comprehensive peptide-focused CRDMO globally, offering full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. We mainly provide (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing. Our services primarily focus on providing customers with APIs rather than drug products. We have established stable customer relationships and service footprint in over 50 countries, including major markets such as China, the United States, Japan, Europe, South Korea, and Australia. We provide our customers with peptide drug development, production, and CMC filing support services that meet regulatory requirements in major markets worldwide.

Our revenue was RMB350.8 million, RMB336.8 million, and RMB442.2 million in 2022, 2023 and 2024, respectively. Our profit for the year was RMB54.0 million, RMB48.9 million, and RMB59.2 million during the same year, respectively. Our adjusted net profit (non-IFRS measure) for the year was RMB122.9 million, RMB96.2 million, and RMB172.0 million in 2022, 2023 and 2024, respectively, and our adjusted EBITDA (non-IFRS measure) was RMB162.8 million, RMB132.3 million, and RMB209.0 million during the same year, respectively. See "—Non-IFRS Measure."

BASIS OF PRESENTATION

We were incorporated in the PRC on June 11, 2020. The historical financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**"), which comprise all standards and interpretations approved by the International Accounting Standards Board. See Note 2.1 to the Accountants' Report in Appendix I to this Prospectus for more information on the basis of preparation of our historical financial information.

In the application of our accounting policies, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 revision affects both current and future periods. Judgments made by our management in the application of IFRS that have significant effect on the financial statements and major sources of estimation uncertainty are stated in Note 3 to the Accountants' Report in Appendix I to this Prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the period-to-period comparability of our financial results are principally affected by the following factors:

Growth of the Global TIDES and CRDMO Industry

The growth of the global TIDES and TIDES CRDMO industries has a material impact on our business operations and results of operations. TIDES drugs primarily consist of peptide drugs and oligonucleotide drugs. According to Frost & Sullivan, the global peptide drug market by sales revenue grew from US$60.7 billion in 2018 to US$89.5 billion in 2023, representing a CAGR of 8.1%, and is expected to further grow to US$261.2 billion in 2032, representing a CAGR of 12.6%. The global oligonucleotide drug market by sales revenue grew from US$2.0 billion in 2018 to US$4.5 billion in 2023, representing a CAGR of 16.9%, and is expected to further grow to US$45.9 billion by 2032, representing a CAGR of 29.6%. Such growth will drive the growth of TIDES related outsourcing of research, development and large-scale production to third-party CRDMOs such as ourselves. Consequently, according to Frost & Sullivan, the global peptide CRDMO market by sales revenue grew from US$1.6 billion in 2018 to US$3.1 billion in 2023, representing a CAGR of 14.8%, and is expected to further grow to US$18.8 billion by 2032, representing a CAGR of 22.0%, and the global oligonucleotide CDMO market by sales revenue grew from US$0.5 billion in 2018 to US$2.3 billion in 2023, representing a CAGR of 33.8%, and is expected to further grow to US$18.4 billion in 2032, representing a CAGR of 26.0%. We believe that the entry barrier in the global TIDES CRDMO industry is high, and our competitiveness in the industry is strong. We expect to continue to maintain our industry competitiveness leveraging our strengths and implementing our development strategies to expand our customer base, obtain more projects, and deepen our market penetration in more regions. The growth of the overall TIDES industry and TIDES CRDMO industry worldwide, therefore, determines our total addressable market, and has a tremendous impact on the growth of our business operations, results of operations and financial condition.

Project Pipeline and Customer Base

Our business operations, results of operations and financial condition depend on our ability to obtain new projects from existing and new customers. Maintaining and enriching our integrated and comprehensive project pipeline plays a key role in our ability to sustainably grow our business. Our ability to obtain new projects from existing customers depends on our full-cycle service capabilities, service quality, responsiveness, and speed. Our ability to obtain projects from new customers depends on our business reputation, proven track record and our strategic business development plans and efforts. The number of projects in our pipeline and the size of our customer base affects the amount of service fees we can charge and the amount of revenue we can recognize.

Success, Service Mix and Pricing of Our Projects

Our results of operations and financial performance are affected by whether the discovery and development of our customers' drug candidates can successfully progress as planned, and whether our customers' drug products receive wide market recognition which leads to significant sales volume and need for large-scale production. We generally enter into project-based service contracts or long-term service contracts under an FFS model for the services provided. Our service contracts and work orders under the FFS model typically include a detailed schedule that sets forth specifications of and anticipated time required for completing each step as well as the corresponding payment. We may also adopt the FTE model, under which we designate employees to the customer's projects at a fixed rate per FTE employee per period of time. If a peptide drug candidate becomes unsuccessful at a certain stage, the demand for our services at later development and production stages may no longer exist; and under the above fee models, our ability to receive further payments would be materially adversely affected. If a project is delayed due to technical or other issues by us or by our customers, we will be required to spend more time and effort on such project than originally expected and may experience delays in recognizing revenue, especially under the FFS model. The use of FTE and FFS models have an impact on our results of operations due to the different accounting treatment under these models. However, due to the relatively small amount of revenue recognised under the FTE model, the differences between these models did not materially affect our profitability during the Track Record Period.

Our results of operations, especially profitability, are also affected by the nature, type and mix of different projects. Projects at different stages may have varied gross profit margin profiles, primarily due to the differences in the technology and amount of resources involved. As a result, our overall results of operations are affected by the mix among different types of projects (research, clinical development, or commercial-stage production).

Our Ability to Manage Costs

Our ability to manage costs is crucial to our overall results of operations. In particular, the price of key raw materials is a primary factor in determining our cost of sales. In 2022, 2023 and 2024, our material costs were RMB58.3 million, RMB51.9 million, and RMB69.8 million, respectively, representing 38.9%, 33.2%, and 36.3%, respectively, of our cost of sales during the same year. Our raw materials primarily include protected amino acid, whose price remained relatively stable in 2021 and 2022, and experienced a slight decline in the second half of 2023. Our staff compensation was RMB47.3 million, RMB55.7 million, and RMB64.5 million in 2022, 2023 and 2024, respectively representing 31.6%, 35.5%, and 33.5% of our total cost of sales, respectively. Our ability to implement measures to control our procurement costs, such as establishing long-term relationships with suppliers, purchasing in larger volumes, having multiple sources of supplies, among other measures, are key to our ability to control our gross profit and overall results of operations. We must improve our control of staff compensation through optimized hiring plans and management. In addition, we must also carefully manage our operating expenses to ensure that our selling and marketing, administrative and R&D expenses are not excessive or inefficient in light of the benefits received, such as expanded sales channel and business opportunities, streamlined corporate management, and advanced technologies.

Our Ability to Expand Our Production Capacity to Match Customer Demand

Production is a significant part of our business. We must timely assess future customer needs and establish production capacities with sufficient volume and geographical coverage in order to satisfy the demands of customers from different parts of the world in a timely manner. As of the Latest Practicable Date, our cGMP-compliant production facility in Hangzhou has a total gross floor area of over 15,000 square meters, with an annual API production capacity of 500kg and per-batch production capacity of 20kg, capable of handling multiple 100kg level purchase orders. We need to continue to expand our production capacity to match and respond to changes in customer demand, and to promptly deliver high-quality products. See "Business—Our Facility Expansion Plans" for further details. We may not be able to successfully execute our expansion plan. See "Risk Factors—Risks Relating to Our Business and Our Industry—If we fail to implement our expansion plan to enhance our manufacturing capabilities as planned, or if such plan fails to achieve expected benefits, our business and prospects could be materially and adversely affected."

Geopolitical Tension and Demand by Customers in the U.S. and Other Markets

We generate a substantial portion of revenue from customers headquartered in the U.S. and other markets besides China. In 2022, 2023 and 2024, revenue from overseas countries and regions amounted to RMB249.4 million, RMB262.7 million, and RMB347.7 million, respectively, representing 71.1%, 78.0%, and 78.6% of our total revenue, respectively, during the same year. Geopolitical issues, however, may hinder our ability to deliver products to overseas customers or otherwise affect our ability to fully serve our overseas customers, which in turn may result in reductions of demand for our services from overseas customers. For

examples, geopolitical tensions may cause disruption in the global supply chain, which may affect our ability to timely ship products to offshore customers. See "Risk Factors—Changes in geopolitical relationships, international trade policies and other tensions may impact our business operations" for more details.

In response, we are devoting significant resources in establishing overseas services and production capabilities in order to better serve customers worldwide and reduce the impact of geopolitical tensions. For example, we are constructing a production facility in Rocklin, California with an expected production capacity of approximately 100-300kg each year.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Material Accounting Policies

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

We generate revenue primarily from peptide CRDMO services for pharmaceutical and biotech companies provided by fee model of FFS or FTE.

(a) CRDMO Services

The majority of revenue are generated through contracts under FFS model. The CRDMO services promised in the FFS contracts usually contain multiple deliverables, which are generally in the form of technical laboratory reports and/or manufactured peptide or oligonucleotides products at different scales, including laboratory scale, pilot scale and cGMP-compliant commercial scale. We allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration. Revenue is recognized at a point in time when we transfer control of the distinct services or products to our customer upon (i) receipt for domestic customers and (ii) delivery to designated carriers for overseas customers in accordance with applicable delivery terms in the FFS contracts.

For the research services provided on a FTE basis, we provide our customer with a project team of scientists and technical staff dedicated to our customer's studies for a specific period of time and charges the customer at a fixed rate per employee. For the services under FTE model, we have assessed that the customers simultaneously receive and consume benefit provided by our performances. Therefore, the performance obligation of FTE services is satisfied over time and FTE revenue is recognized over the service period.

(b) Other Revenue

Sales of diagnostics products

Prometheus Bio and UCP Biosciences, our disposed subsidiaries, were primarily engaged in the sales of diagnostics products. Revenue is recognized at a point in time when these subsidiaries transfer control of the goods to its customer, generally upon delivery of such diagnostics products. Prometheus Bio and UCP Biosciences were disposed by us in March 2021.

Revenue from Other Sources

Rental income is recognized on a time proportion basis over the lease terms.

Research and Development Expenses

All research and development expenses are charged to the profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Property and Equipment and Depreciation

Property and equipment other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual depreciation rates used for this purpose are as follows:

Buildings	3.23%
Machinery and equipment	9.7%-48.5%
Computer and office equipment	9.7%-48.5%
Motor vehicles	6.06%-9.7%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Fair Value Measurement

We measure our certain financial instruments at fair value at the end of each year during the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the historical financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year during the Track Record Period.

Intangible Assets (Other than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 3 to 10 years.

Knowhows

Knowhows with finite useful lives are measured initially at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 10 years.

Share-based Payments

We operate a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including directors) receive remuneration and rewards in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details are given in Note 35 to the Accountants' Report included in Appendix I to this Prospectus. The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each year during the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either our Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Impairment of Financial Assets

We recognize an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each year during the Track Record Period, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. We consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

We consider a financial asset in default when contractual payments are 60 days past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified Approach

For trade receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do

not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. We have established a general matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**350,840**	**336,774**	**442,226**
Cost of sales	(149,771)	(156,603)	(192,452)
Gross profit	**201,069**	**180,171**	**249,774**
Other income and gains	22,725	23,144	59,057
Selling and marketing expenses	(22,245)	(28,071)	(42,494)
Administrative expenses	(43,475)	(43,771)	(73,406)
Research and development expenses	(21,020)	(23,144)	(28,748)
Impairment losses on financial assets under expected credit loss ("**ECL**") model, net of reversal	(1,125)	(600)	(916)
Other expenses	(27)	(156)	(285)
Finance costs	(1,281)	(224)	(1,141)
Profit before fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**")	134,621	107,349	161,841
Fair value losses on financial liabilities at FVTPL	(67,065)	(45,371)	(83,392)
PROFIT BEFORE TAX	**67,556**	**61,978**	**78,449**
Income tax expense	(13,576)	(13,073)	(19,276)
PROFIT FOR THE YEAR	**53,980**	**48,905**	**59,173**
Attributable to:			
Owners of the parent	53,980	48,905	59,173

NON-IFRS MEASURE

Our consolidated financial information was prepared in accordance with IFRS. To supplement our consolidated results which were prepared and presented in accordance with IFRS, we use adjusted net profit (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of certain items. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under IFRS. In addition, these non-IFRS measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net profit (non-IFRS measure) for the year as profit for the year adjusted by adding back fair value loss on financial liabilities at FVTPL comprises fair value loss on convertible bonds and redemption liabilities, of which the redemption liabilities will convert to equity upon the Listing, share-based payment compensation, which are non-cash in nature, and Listing expenses. The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) for 2022, 2023 and 2024.

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**53,980**	**48,905**	**59,173**
Add			
Fair value losses on financial liabilities at FVTPL	67,065	45,371	83,392
Share-based payment compensation	1,890	1,912	4,441
Listing expenses	–	–	25,019
Adjusted net profit (non-IFRS measure) for the year	**122,935**	**96,188**	**172,025**

We define EBITDA (non-IFRS measure) as profit for the year adjusted by adding back income tax expenses, depreciation of property and equipment, amortization of intangible assets, depreciation of right-of-use assets, and net finance costs/(income). We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure), adjusted by adding back fair value losses on financial liabilities at FVTPL, share-based payment compensation and Listing expenses. The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for 2022, 2023 and 2024 to the nearest measures.

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**53,980**	**48,905**	**59,173**
Add			
Income tax expenses	13,576	13,073	19,276
Depreciation of property and equipment	16,443	20,164	20,743
Amortization of intangible assets	6,362	6,393	6,503
Depreciation of right-of-use assets	3,128	3,224	2,843
Net finance costs/(income)	367	(6,696)	(12,419)
EBITDA (non-IFRS measure)	**93,856**	**85,063**	**96,119**
Add			
Fair value losses on financial liabilities at FVTPL	67,065	45,371	83,392
Share-based payment compensation	1,890	1,912	4,441
Listing expenses	–	–	25,019
Adjusted EBITDA (non-IFRS measure)	**162,811**	**132,346**	**208,971**

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue by Fee Model

The following table sets forth a breakdown of our revenue by fee model for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
FFS	331,576	94.5	326,803	97.1	425,322	96.2
FTE	17,981	5.1	9,550	2.8	16,551	3.7
Others	1,283	0.4	421	0.1	353	0.1
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

Our revenue recorded under FFS model primarily represents revenue from contracts or work orders under the FFS model where we receive payments according to a pre-agreed payment schedule which is prepared based on the scope of work, estimated costs and expenses, estimated amount of delivery time, and market prevailing rate. Revenue under FFS model include revenue from NCE discovery synthesis, peptide CMC development, and peptide and generic drug commercial manufacturing services. For details, see "Business—Our Services—Peptide CRDMO Services" in this Prospectus.

Our revenue recorded under FTE model represents revenue from contracts or work orders under the FTE model where we receive payments according to the number of employees allocated to projects at fixed rate per employee per period of time. Revenue under FTE model represents revenue from peptide drug discovery and synthesis services leveraging our extensive peptide synthesis and modification techniques.

Others relate to (i) lease income; (ii) revenue generated by sales of diagnostics products from our disposed subsidiaries (Prometheus Bio and UCP Biosciences); and (iii) revenue from sales of raw material products to Prometheus Bio.

Revenue by Geographic Coverage

The following table sets forth a breakdown of our revenue based on the locations of the contract entities of our customers, both in absolute amount and as a percentage of our total revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mainland China	101,431	28.9	74,124	22.0	94,576	21.4
U.S.	132,309	37.7	114,794	34.1	243,207	55.0
Japan	55,157	15.7	73,752	21.8	31,187	7.1
Europe	45,016	12.8	62,591	18.6	48,615	11.0
Other countries and regions[(1)]	16,927	4.9	11,693	3.5	24,641	5.5
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

Note:

(1) Other countries and regions comprise Australia, Brazil, Canada, Chile, Hong Kong, India, Israel, Mexico, Namibia, Philippines, Republic of Korea, Saudi Arabia, Singapore, South Africa, Taiwan, Thailand, United Arab Emirates, and Uruguay.

Revenue by Service Offering

The following table sets forth a breakdown of its revenue by service offering, both in absolute amount and as a percentage of our total revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
CDMO Service[(3)]	240,455	68.5	258,355	76.7	329,957	74.6
CRO Service	109,102	31.1	77,998	23.2	111,916	25.3
Others	1,283[(1)]	0.4	421[(2)]	0.1	353[(2)]	0.1
Total	**350,840**	**100.0**	**336,774**	**100.0**	**442,226**	**100.0**

Notes:

(1) Others in 2022 relate to (i) lease income; and (ii) revenue from sales of raw material. In March 2021, we disposed of the entire equity interests of Prometheus Bio to Hangzhou Haiding. Despite this disposal, one contract remained effective in 2022, under which we sold raw material to Prometheus Bio in 2022, generating revenue. For further details of our disposal, please refer to the section headed "History, Development and Corporate Structure."

(2) Others in 2023 and 2024 relate to lease income.

(3) Revenue from CDMO Service consists of revenue from NCEs projects and generic drug projects. Our revenue from NCEs projects increased from RMB184.3 million in 2022 to RMB194.2 million in 2023 and further increased to RMB236.6 million in 2024. Our revenue from generic drug projects increased from RMB56.1 million in 2022 to RMB64.1 million in 2023, and further increased to RMB93.4 million in 2024.

Cost of Sales

Cost of Sales by Nature

Our cost of sales consists of material costs, staff compensation, utilities and other overhead, depreciation and amortization, share-based payment compensation, and others. The following table sets forth a breakdown of its cost of sales by nature, both in absolute amount and as a percentage of total cost of sales for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Material costs	58,257	38.9	51,923	33.2	69,769	36.3
Staff compensation	47,295	31.6	55,650	35.5	64,549	33.5
Utilities and other overhead	21,085	14.1	20,667	13.2	26,184	13.6
Depreciation and amortization	15,464	10.3	16,735	10.7	18,153	9.4
Share-based payment compensation	607	0.4	752	0.5	1,880	1.0
Others[(1)]	7,063	4.7	10,876	6.9	11,917	6.2
Total	**149,771**	**100.0**	**156,603**	**100.0**	**192,452**	**100.0**

Note:

(1) Includes inventory write-down and freight costs.

Costs of Sales by Service Offering

The following table sets forth a breakdown of its cost of sales by service offering, both in absolute amount and a percentage of total cost of sales for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
CDMO Service	106,610	71.2	121,297	77.5	151,525	78.7
CRO Service	41,878	28.0	34,885	22.3	40,574	21.1
Others	1,283	0.8	421	0.2	353	0.2
Total	**149,771**	**100.0**	**156,603**	**100.0**	**192,452**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profits and gross profits margin by service offering for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit RMB'000	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*
CDMO Service	133,845	55.7	137,058	53.1	178,432	54.1
CRO Service	67,224	61.6	43,113	55.3	71,342	63.7
Total/Overall	**201,069**	**57.3**	**180,171**	**53.5**	**249,774**	**56.5**

Our gross profit was RMB201.1 million, RMB180.2 million and RMB249.8 million in 2022, 2023 and 2024, respectively, and our gross profit margin was 57.3%, 53.5% and 56.5% during the same year, respectively.

Other Income and Gains

The following table sets forth our other income and gains, both in absolute amount and as a percentage of total other income and gains during the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other income						
Government grants	1,018	4.5	3,461	15.0	34,967	59.2
convertible bond related government grant	–	–	–	–	27,583	46.7
other government grants	1,018	4.5	3,461	15.0	7,384	12.5
Bank interest income	914	4.0	6,920	29.9	13,560	23.0
Subtotal	1,932	8.5	10,381	44.9	48,527	82.2
Gains						
Foreign exchange differences, net	11,944	52.5	5,065	21.8	7,312	12.4
Fair value gains on financial assets at fair value through profit or loss	7,920	34.9	7,585	32.8	3,086	5.2
Gains on disposal of items of property, plant and equipment	384	1.7	–	–	–	–
Others	545	2.4	113	0.5	132	0.2
Subtotal	20,793	91.5	12,763	55.1	10,530	17.8
Total	**22,725**	**100.0**	**23,144**	**100.0**	**59,057**	**100.0**

The government grants primarily represent subsidies and funding to help us initiate and conduct more R&D projects and engage and retain more talents with robust academic and professional R&D experience. Such grants include convertible bonds related government grant, covering interest expense under our convertible bond. See "—Description of Major Balance Sheet Items—Other Payables and Accruals" and "—Indebtedness—Convertible Bonds." The government grants also include awards for R&D achievements and contributions we have made. These government grants were generally awarded by various government authorities in China, especially in Hangzhou. There are no unfulfilled conditions or contingencies relating to these government grants.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of staff compensation, marketing, promotion and advertising expenses, depreciation and amortization, utilities and office expenses, travel expenses, share-based payment compensation, and others. We incurred selling and marketing expenses of RMB22.2 million, RMB28.1 million and RMB42.5 million in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our selling and marketing expenses, both in absolute amount and as a percentage of total selling and marketing expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff compensation	18,543	83.4	21,838	77.8	34,262	80.6
Marketing, promotion and advertising expenses	1,015	4.6	2,448	8.7	4,085	9.6
Depreciation and amortization	1,098	4.9	1,155	4.1	940	2.2
Utilities and office expenses	120	0.5	543	1.9	155	0.4
Travel expenses	358	1.6	757	2.7	885	2.1
Share-based payment compensation	761	3.4	701	2.5	808	1.9
Others[(1)]	350	1.6	629	2.3	1,359	3.2
Total	**22,245**	**100.0**	**28,071**	**100.0**	**42,494**	**100.0**

Note:

(1) Includes meal expenses, accommodation expenses and other miscellaneous disbursements.

Administrative Expenses

Our administrative expenses primarily consist of staff compensation, depreciation and amortization, Professional service fees, utilities and office expenses, travel expenses, share-based payment compensation, listing expenses, and others. We incurred administrative expenses of RMB43.5 million, RMB43.8 million and RMB73.4 million in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our administrative expenses, both in absolute amount and as a percentage of total administrative expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff compensation	26,243	60.4	26,733	61.1	29,715	40.5
Depreciation and amortization	4,144	9.5	4,742	10.8	4,400	6.0
Professional service fees[(1)]	6,058	13.9	4,930	11.3	4,709	6.4
Utilities and office expenses	3,688	8.5	4,115	9.4	5,546	7.6
Travel expenses	398	0.9	470	1.1	379	0.5
Share-based payment compensation	275	0.6	226	0.5	1,453	2.0
Listing expense	–	–	–	–	25,019	34.0
Others[(2)]	2,669	6.2	2,555	5.8	2,185	3.0
Total	**43,475**	**100.0**	**43,771**	**100.0**	**73,406**	**100.0**

Note:

(1) Includes IT, audit and legal related service fees.

(2) Includes bank charges, meal expenses, accommodation expenses and other miscellaneous disbursements.

Research and Development Expenses

Our research and development expenses primarily consist of staff compensation, material costs, depreciation and amortization, repair and maintenance, share-based payment compensation and others. We incurred research and development expenses of RMB21.0 million, RMB23.1 million and RMB28.7 million in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our research and development expenses, both in absolute amount and as a percentage of total research and development expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff compensation	13,125	62.4	15,079	65.1	16,296	56.7
Material costs	5,167	24.6	4,091	17.7	5,789	20.1
Depreciation and amortization	1,946	9.3	2,403	10.4	4,235	14.7
Repair and maintenance	276	1.3	674	2.9	790	2.7
Share-based payment compensation	247	1.2	232	1.0	300	1.0
Others[(1)]	259	1.2	665	2.9	1,338	4.8
Total	**21,020**	**100.0**	**23,144**	**100.0**	**28,748**	**100.0**

Note:

(1) Includes testing fees, utilities and office expenses and consulting fees.

Other Expenses

Our other expenses primarily consist of foreign exchange losses, net, donations to not-for-profit organizations, loss on disposal of plant and equipment, and others. The following table sets forth a breakdown of our other expenses, for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss on disposal of plant and equipment	–	–	156	100.0	228	80.0
Others	27	100.0	–	–	57	20.0
Total	**27**	**100.0**	**156**	**100.0**	**285**	**100.0**

Finance Costs

Finance costs consist of interest on lease liabilities and interest on bank loans. The following table sets forth a breakdown of our finance costs for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest on lease liabilities	367	28.6	224	100.0	76	6.7
Interest on bank loans	914	71.4	–	–	1,065	93.3
Total	**1,281**	**100.0**	**224**	**100.0**	**1,141**	**100.0**

Fair Value Losses on Financial Liabilities at FVTPL

Fair value losses on financial liabilities at FVTPL primarily reflect changes in the fair value of financial liabilities at FVTPL that arose from issuance of Series A Shares and convertible bonds. We incurred fair value losses on financial liabilities at FVTPL of RMB67.1 million, RMB45.4 million and RMB83.4 million, in 2022, 2023 and 2024, respectively.

Income Tax Expenses

Our income tax expenses primarily consist of current tax at the statutory rates applicable to our assessable profit before taxation as determined under relevant laws and regulations. We are subject to a 15% tax rate for "High and New Technology Companies" for one of our PRC subsidiaries, a 25% tax rate for other PRC subsidiaries, a 16.5% income tax rate for our Hong Kong subsidiaries, and a federal corporate tax rate of 21% and applicable state tax rates for consolidated entities incorporated in the U.S. In 2022, 2023 and 2024, our income tax expense was RMB13.6 million, RMB13.1 million and RMB19.3 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

Profit for the Year

As a result of the above, our profit for the year was RMB54.0 million, RMB48.9 million and RMB59.2 million in 2022, 2023 and 2024, respectively. Our net profit margin was 15.4%, 14.5% and 13.4% in the same year, respectively.

YEAR-TO-YEAR COMPARISON

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 31.3% from RMB336.8 million in the 2023 to RMB442.2 million in 2024, primarily due to an increase in revenue from one customer in the U.S., driven by its respective drug development progress and increased demand for our services.

Our revenue in Mainland China increased by 27.6% from RMB74.1 million in 2023 to RMB94.6 million in 2024, primarily due to increased demand from two of our customers in Mainland China with increased demand for our CDMO services.

Our revenue overseas increased by 32.4% from RMB262.7 million in 2023 to RMB347.7 million in 2024, primarily due to an increase in demand by a customer in the U.S. focusing on the development of GLP-1 related drug products; partially offset by a decrease in revenue from other regions such as Japan and Europe where customers therein had decreased their demands according to their respective drug development progress.

Our revenue from CRO service increased from RMB78.0 million in 2023 to RMB111.9 million in 2024, primarily due to an increase in the average revenue of CRO projects compared to the last year.

Our revenue from CDMO service increased from RMB258.4 million in 2023 to RMB330.0 million in 2024, primarily due to an increase in revenue from one customer in the U.S. and one customer in Mainland China, driven by their respective drug development progress and increased demand for our services.

Cost of Sales

Our cost of sales increased by 22.9% from RMB156.6 million in 2023 to RMB192.5 million in 2024, primarily due to (i) an RMB17.8 million increase in material costs which is in line with our expanded CRDMO service revenue; and (ii) an RMB8.9 million increase in staff costs driven by an increase in the number of staff headcount and average salary level to support our expanding business scale.

Gross Profit and Gross Profit Margin

Our gross profit margin for CDMO service remained relatively stable at 53.1% and 54.1% in 2023 and 2024, respectively.

Our gross profit margin for CRO service increased from 55.3% in 2023 to 63.7% in 2024, which contributed to significant increases in CRO service revenue, while the labor and manufacturing costs for CRO services were relatively fixed and did not experience similar increases.

Our gross profit increased by 38.6% from RMB180.2 million in 2023 to RMB249.8 million in 2024. Our gross profit margin remained relatively stable at 53.5% and 56.5% in 2023 and 2024, respectively.

Other Income and Gains

Our other income and gains increased from RMB23.1 million in 2023 to RMB59.1 million in 2024, primarily due to (i) an RMB28.0 million convertible bond related government grant recognized as other income in 2024 to cover our interest expense under our convertible bond. See "—Description of Major Balance Sheet Items—Other Payables and Accruals" and "—Indebtedness—Convertible Bonds"; and (ii) an RMB6.6 million increase in bank interest income driven by the relatively high interest rates enjoyed by some of our bank accounts.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 51.2% from RMB28.1 million in 2023 to RMB42.5 million in 2024, primarily due to an increase in selling and marketing headcount and spending in marketing, promotion and advertising activities.

Administrative Expenses

Our administrative expenses increased by 67.6% from RMB43.8 million in 2023 to RMB73.4 million in 2024, primarily due to an RMB25.0 million listing expense in 2024.

Research and Development Expenses

Our research and development expenses increased by 24.2% from RMB23.1 million in 2023 to RMB28.7 million in 2024, primarily due to an increase in material costs and an increase in depreciation and amortization, which is in line with an increase in our R&D activities.

Fair Value Losses on Financial Liabilities at FVTPL

Our fair value losses on financial liabilities at FVTPL increased from RMB45.4 million in 2023 to RMB83.4 million in 2024, primarily due to changes in the valuation of our Company.

Income Tax Expense

We recorded income tax expenses of RMB13.1 million and RMB19.3 million in 2023 and 2024, respectively.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB48.9 million in 2023 to RMB59.2 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 4.0% from RMB350.8 million in 2022 to RMB336.8 million in 2023, primarily due to a 10.4% decrease in average revenue per customer from approximately RMB528.0 thousand in 2022 to RMB474.0 thousand in 2023. Such decrease in average revenue per customer is primarily attributable to an approximately RMB34.0 million decrease in revenue from three of our customers who significantly reduced their demands due

to changes in their peptide drug development resources, plans, and cycles in the United States and Mainland China. The effect of reduction in average revenue per customer from 2022 to 2023 was partially offset by an increase in the number of customers from 664 to 711 during the same years.

Our revenue in Mainland China decreased by 26.9% from RMB101.4 million in 2022 to RMB74.1 million in 2023, primarily due to reduced demand from our customers in Mainland China. According to Frost & Sullivan, the healthcare industry experienced a general decline in terms of the amount of financing in recent years, forcing industry players (including our customers) to reduce their NCE development pipeline to focus on fewer pipeline products with more potential of commercialization success. This has in turn affected our customers' demand for our services, which partially led to the decline in our revenue in Mainland China from 2022 to 2023.

Our revenue overseas increased by 5.3% from RMB249.4 million in 2022 to RMB262.7 million in 2023, primarily due to an increase in business volume as reflected by an increase in the number and sizes of projects from overseas customers.

Our revenue from CRO service decreased from RMB109.1 million in 2022 to RMB78.0 million in 2023, primarily because (i) several CRO projects with relatively large revenue contribution in 2022 were completed or discontinued in 2023. Some of these projects progressed into clinical development, with revenue recorded under CDMO service, while others did not progress further or contribute to our revenue in 2023; (ii) we experienced downward pricing pressure in 2023 in Mainland China driven by intensified market competition amidst the reduced demand from our customers in Mainland China, which has led to aggressive pricing strategies adopted by various CRO service providers; and (iii) particularly, our projects with one customer on FTE basis with revenue contribution of approximately RMB8.4 million were completed in 2022.

Our revenue from CDMO service increased from RMB240.5 million in 2022 to RMB258.4 million in 2023, primarily due to an increase in demand from commercial stage projects as more projects progressed from clinical stage into commercial stage in 2023, partially offset by a decrease in average spending per customer in 2023.

Cost of Sales

Our cost of sales increased by 4.5% from RMB149.8 million in 2022 to RMB156.6 million in 2023, primarily due to (i) an RMB8.4 million increase in staff costs driven by an increase in the number of staff headcount and average salary level; (ii) an RMB1.3 million increase in fixed costs such as depreciation and amortization and (iii) an RMB1.4 million increase in inventory write-down.

Gross Profit and Gross Profit Margin

Our gross profit margin for CDMO service decreased from 55.7% in 2022 to 53.1% in 2023, primarily due to a decrease in pricing of our APIs for generic drugs due to competition in China.

Our gross profit margin for CRO service decreased from 61.6% in 2022 to 55.3% in 2023, primarily due to a decrease in the number of high-value CRO projects from six to three, while the labor and manufacturing costs for CRO services were relatively fixed and did not experience similar decreases.

Our gross profit decreased by 10.4% from RMB201.1 million in 2022 to RMB180.2 million in 2023. Our gross profit margin decreased from 57.3% in 2022 to 53.5% in 2023, primarily because while our revenue declined from RMB350.8 million in 2022 to RMB336.8 million in 2023, our cost of sales increased driven by increases in staff headcount, staff salary level, and fixed costs from 2022 to 2023.

Other Income and Gains

Our other income and gains increased from RMB22.7 million in 2022 to RMB23.1 million in 2023, primarily due to an increase in bank interest income driven by an increase in the balance of structured deposits and wealth management products, as well as an increase in government grants, partially offset by negative changes in foreign exchange gains driven by fluctuations in the exchange rate between U.S. dollars and Renminbi.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 26.6% from RMB22.2 million in 2022 to RMB28.1 million in 2023, primarily due to an increase in selling and marketing headcount and spending in marketing, promotion and advertising activities.

Administrative Expenses

Our administrative expenses remained stable at RMB43.5 million in 2022 and RMB43.8 million in 2023.

Research and Development Expenses

Our research and development expenses increased by 10.0% from RMB21.0 million in 2022 to RMB23.1 million in 2023, primarily due to an increase in R&D headcount.

Finance Costs

Our finance costs decreased by 84.6% from RMB1.3 million in 2022 to RMB0.2 million in 2023, primarily because of a RMB0.9 million decrease in interest on bank loans as we fully repaid our bank borrowings in September 2022 and did not incur any new borrowings in 2023.

Fair Value Losses on Financial Liabilities at FVTPL

Our fair value losses on financial liabilities at FVTPL decreased from RMB67.1 million in 2022 to RMB45.4 million in 2023, primarily due to changes in the fair value of financial liabilities at FVTPL that arose from the issuance of Series A Shares.

Income Tax Expense

Our income tax expenses remained stable at RMB13.6 million in 2022 and RMB13.1 million in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 9.4% from RMB54.0 million in 2022 to RMB48.9 million in 2023, primarily due to (i) a decrease in our revenue from RMB350.8 million in 2022 to RMB336.8 million in 2023, and (ii) an increase in our cost of sales from RMB149.8 million in 2022 to RMB156.6 million in 2023, partially offset by a decrease in fair value losses on financial liabilities at FVTPL from RMB67.1 million in 2022 to RMB45.4 million in 2023. Our net profit margin decreased from 15.4% in 2022 to 14.5% in 2023.

DISCUSSION OF MAJOR BALANCE SHEET ITEMS

The following table sets forth details of our summary consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment	258,153	296,418	300,484
Goodwill	95,406	95,406	95,406
Other intangible assets	47,014	41,090	36,016
Right-of-use assets	42,864	39,691	38,082
Financial assets at fair value through profit or loss ("**FVTPL**")	1,728	1,530	1,634
Time deposits – non current	51,634	53,409	–
Prepayments, other receivables and other assets	7,157	9,330	7,183
Deferred tax assets	139	62	23
Total non-current assets	**504,095**	**536,936**	**478,828**
Total current assets	**735,057**	**771,810**	**693,800**
Total current liabilities	**505,816**	**501,519**	**172,043**
NET CURRENT ASSETS	**229,241**	**270,291**	**521,757**
TOTAL ASSETS LESS CURRENT LIABILITIES	**733,336**	**807,227**	**1,000,585**
NON-CURRENT LIABILITIES			
Redemption liabilities on equity shares	517,667	542,038	639,805
Deferred government grants	–	–	29,072
Lease liabilities	1,815	–	764
Deferred tax liabilities	11,387	11,305	12,194
Total non-current liabilities	**530,869**	**553,343**	**681,835**
Net assets	**202,467**	**253,884**	**318,750**

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	121,673	–	–
Share capital	–	125,000	125,000
Reserves	80,794	128,884	193,750
Total equity	**202,467**	**253,884**	**318,750**

Current Assets and Current Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT ASSETS				
Inventories	79,305	73,005	84,777	94,844
Amounts due from related parties	2,955	1,659	–	–
Trade and notes receivables	19,800	36,418	57,720	30,280
Prepayments, other receivables and other assets	7,175	11,621	16,098	18,982
Financial assets at FVTPL	332,126	110,082	–	–
Restricted cash	430	435	439	440
Time deposits – current	10,000	–	143,032	144,457
Prepaid income tax	4,218	7,578	4,551	4,653
Cash and cash equivalents	279,048	531,012	387,183	472,529
Total current assets	**735,057**	**771,810**	**693,800**	**766,185**

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT LIABILITIES				
Trade payables	12,711	6,731	23,469	22,508
Convertible bonds	321,000	321,000	–	–
Other payables and accruals	100,391	120,534	53,460	34,639
Interest-bearing bank borrowings	–	–	40,000	40,090
Contract liabilities	59,099	49,435	37,444	73,514
Lease liabilities	2,474	1,846	379	393
Amounts due to related parties	2,333	1,855	1,811	–
Deferred government grants	–	–	6,438	6,421
Income tax payable	7,808	118	9,042	161
Total current liabilities	**505,816**	**501,519**	**172,043**	**177,726**
NET CURRENT ASSETS	**229,241**	**270,291**	**521,757**	**588,459**

Our net current assets increased from RMB521.8 million as of December 31, 2024 to RMB588.5 million as of April 30, 2025, primarily due to an increase in cash and cash equivalents of RMB85.3 million and a decrease in trade payables and other payables and accruals of RMB19.8 million, and partially offset by an increase in contract liabilities of RMB36.1 million.

Our net current assets increased from RMB270.3 million as of December 31, 2023 to RMB521.8 million as of December 31, 2024, primarily due to (i) a decrease in convertible bonds of RMB321.0 million, and (ii) a decrease in other payables of RMB67.1 million.

Our net current assets increased from RMB229.2 million as of December 31, 2022 to RMB270.3 million as of December 31, 2023, primarily due to an increase of cash and cash equivalents of RMB252.0 million and in trade and notes receivables of RMB16.6 million, and a decrease in contract liabilities of RMB9.7 million, partially offset by a decrease of RMB222.0 million of financial assets at FVTPL and an increase of RMB20.1 million of other payables and accruals.

Property and Equipment

Our property and equipment primarily consist of building, machinery and equipment, computer and office equipment, motor vehicles, and construction in progress. We had property and equipment of RMB258.2 million, RMB296.4 million and RMB300.5 million as of December 31, 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our property and equipment as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Building	105,024	102,041	99,560
Machinery and equipment	63,607	76,357	84,143
Computer and office equipment	2,373	2,955	2,194
Motor vehicles	1,642	1,140	669
Construction in progress	85,507	113,925	113,918
Total	**258,153**	**296,418**	**300,484**

Our property and equipment increased by 14.8% from RMB258.2 million as of December 31, 2022 to RMB296.4 million as of December 31, 2023, primarily due to (i) an increase of RMB12.8 million in machinery and equipment as we further expanded the production capacity of our existing Qiantang Site; and (ii) an increase of RMB28.4 million in construction in progress in relation to the Rocklin Site and the Hangzhou Biopharma Town Site which are currently under construction.

Our property and equipment remained relatively stable at RMB296.4 million and RMB300.5 million as of December 31, 2023 and 2024, respectively.

Goodwill

We recorded goodwill of RMB95.4 million, RMB95.4 million and RMB95.4 million as of December 31, 2022, 2023 and 2024, respectively, in relation to our acquisition of Chinese Peptide in June 2020, and the goodwill has been allocated to cash generating unit of Chinese Peptide and its subsidiaries for impairment testing. Goodwill is tested by our management for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We engaged an independent third-party valuer to conduct annual goodwill impairment testing and did not record any impairment during the Track Record Period based on such testing.

The following describes each key assumption on which we based our cash flow projections to undertake impairment testing of goodwill:

	As of December 31,		
	2022	2023	2024
Pre-tax discount rate[(1)]	15.30%	15.31%	15.37%
Revenue[(2)] (% compound growth rate)	14.97%	14.65%	13.16%
Terminal growth rate[(3)]	2.30%	2.20%	2.00%

Notes:

(1) Pre-tax discount rate – The discount rate used is before tax and reflects specific risks relating to Chinese Peptide Group CGU.

(2) Revenue growth rate – The basis used to determine the budgeted revenue is based on management's expectation and expectation of the future market.

(3) Terminal growth rate – The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to Chinese Peptide Group CGU.

We have performed sensitivity test by decreasing 1% of revenue growth rate, decreasing 1% of terminal growth rate or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which Chinese Peptide recoverable amount above its carrying amount (headroom) are as below:

	As of December 31,		
	2022	2023	2024
Headroom	1,356,424	1,414,047	1,846,704
Impact by decreasing revenue growth rate	(61,374)	(63,779)	(81,731)
Impact by decreasing terminal growth rate	(101,673)	(105,370)	(127,085)
Impact by increasing pre-tax discount rate	(127,969)	(132,972)	(164,713)

No impairment loss in relation to goodwill is recognized for Chinese Peptide during the Track Record Period. Considering there was still sufficient headroom based on the assessment. We believe that a reasonably possible change in the key parameters would not cause the carrying amount of the Chinese Peptide to exceed its recoverable amount as of December 31, 2022, 2023 and 2024.

IAS 36 requires an entity to preform impairment tests on goodwill on an annual basis. Meanwhile, we did not identify any significant adverse changes in the operating results and macro environment in 2024, and we have concluded there was no impairment indicator of goodwill as of December 31, 2024. Accordingly, we did not perform impairment testing on goodwill as of December 31, 2024.

For more details, please see Note 18 to the Accountants' Report in Appendix I to this Prospectus.

Other Intangible Assets

Our other intangible assets primarily consist of knowhows and software. Changes in other intangible assets from RMB47.0 million as of December 31, 2022 to RMB41.1 million as of December 31, 2023 and further to RMB36.0 million as of December 31, 2024 were primarily due to amortization.

Right-of-Use Assets

Our right-of-use assets primarily relate to our land use rights and leased offices. Changes in right-of-use assets from RMB42.9 million as of December 31, 2022 to RMB39.7 million as of December 31, 2023 and further to RMB38.1 million as of December 31, 2024 were primarily due to depreciation.

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. Our inventories decreased from RMB79.3 million as of December 31, 2022 to RMB73.0 million as of December 31, 2023 and then increased to RMB84.8 million as of December 31, 2024. Changes in raw materials during the Track Record Period was primarily due to preparation for the planned production volume. Our work in progress decreased from RMB10.9 million as of December 31, 2022 to RMB7.0 million as of December 31, 2023, primarily due to the settlement of an overseas purchase order. Our work in progress subsequently increased to RMB22.2 million as of December 31, 2024, primarily due to an increase in purchase order placed in 2024. Changes in our finished goods as of December 31, 2022 to 2023 was primarily in response to the changes in planned delivery based on orders at hand. Our finished goods decreased to RMB29.2 million as of December 31, 2024, primarily due to the orders delivered in November and December of 2024. The following table sets forth a breakdown of our inventories by type as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	28,174	26,249	33,308
Work in progress	10,888	7,046	22,234
Finished goods[(1)]	40,243	39,710	29,235
Total	**79,305**	**73,005**	**84,777**

Note:

(1) Finished goods primarily include oligonucleotide and peptide products.

Our inventory turnover days was 178.9 days, 177.5 days and 149.6 days in 2022, 2023 and 2024, respectively. Our inventory turnover days remained steady from 2022 to 2023. The decrease in inventory turnover days from December 31, 2023 to December 31, 2024 was primarily due to the orders delivered in November and December of 2024. The following table sets forth our inventory turnover days for the years indicated.

	For the year ended December 31,		
	2022	**2023**	**2024**
Inventory turnover days[(1)]	178.9	177.5	149.6

(1) Inventory turnover days were calculated based on the average of opening and ending inventory balance for the relevant period, divided by the cost of sales for the same period, and multiplied by the number of days in that period.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within six months	53,312	45,652	65,914
Over six months but within one year	12,175	11,085	7,733
Over one year	13,818	16,268	11,130
Total	**79,305**	**73,005**	**84,777**

The following table set forth an aging analysis of our finished goods as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within six months	25,722	30,762	19,652
Over six months but within one year	6,134	2,448	4,468
Over one year	8,387	6,500	5,115
	40,243	**39,710**	**29,235**

Our Directors concluded that we do not have any material recoverability issue for our inventories and the write-down of inventories was adequate and reasonable. Our finished goods are all within the warranty period and with an average shelf life of two years. We have in place dedicated personnel who continually monitor aging conditions of our inventories with a view to identify obsolete and slow-moving inventories so that we can promptly take appropriate remedial measures accordingly. Our management also reviews the recoverability of our inventories as of the end of each year to ensure that adequate impairment losses are made for irrecoverable amounts. During the Track Record Period, we recorded balance of write-down of inventories, net of reversal, of RMB6.3 million, RMB10.2 million and RMB11.5 million as of December 31, 2022, 2023 and 2024, respectively. In light of the foregoing, we do not expect to experience any material issue in recoverability of inventories in the foreseeable future.

As of April 30, 2025, approximately RMB54.3 million, or 56.5%, of our inventories before the adjustment of write-down or reversal as of December 31, 2024 had been consumed.

Trade and Notes Receivable

The following table sets forth a breakdown of our trade and notes receivable as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	3,008	–	–
Trade receivables	20,744	40,902	62,645
Less: Allowance for credit losses	(3,952)	(4,484)	(4,925)
Total	**19,800**	**36,418**	**57,720**

Our trade receivables increased from RMB20.7 million as of December 31, 2022 to RMB40.9 million as of December 31, 2023, primarily due to significant receivable from one customer outstanding of RMB24.6 million as of December 31, 2023 which had been fully recovered as of December 31, 2024. Our trade receivables increased from RMB40.9 million as of December 31, 2023 to RMB62.6 million as of December 31, 2024, primarily due to an increased receivable from a customer in the U.S. focusing on the development of GLP-1 related drug products.

Our notes receivable as of December 31, 2022 of RMB3.0 million was primarily in relation to a promissory note issued by a customer to settle its payments to us. We did not record notes receivables as of December 31, 2023, because we transferred the notes to settle accounts payable to suppliers in 2023.

The following table sets forth an aging analysis of our trade receivables (less allowance for credit losses), based on the invoice date and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	15,771	35,483	57,460
1 to 2 years	1,071	869	240
2 to 3 years	4	66	20
Total	**16,792**	**36,418**	**57,720**

The expected credit loss rate of trade receivables amounted to 19.1%, 11.0% and 7.9% as of December 31, 2022, 2023 and 2024. For details of our trade and notes receivables, see Note 22 to the Accountants' Report in Appendix I to this Prospectus.

The following table sets forth our trade receivables turnover days during the year indicated.

	For the year ended December 31,		
	2022	**2023**	**2024**
Trade receivables turnover days[(1)]	20.4	33.4	42.7

(1) Trade receivables turnover days were calculated based on the average of opening and ending trade receivables balance for the relevant period, net of loss allowance for the same period, divided by the revenue for the same period, and multiplied by the number of days in that period.

Our trade receivables turnover days was 20.4 days, 33.4 days and 42.7 days in 2022, 2023 and 2024, respectively. The increase in trade receivable turnover days from 2022 to 2023 was primarily due to the high balance of trade receivables of RMB24.6 million as of December 31, 2023, from one of our customers, RMB24.6 million of which had been recovered as of December 31, 2024. The increase in trade receivables turnover days from 2023 to 2024, was primarily due to an increased receivable from a customer in the U.S. focusing on the development of GLP-1 related drug products. See "—Material Accounting Policies, Judgments and Estimates—Material Accounting Policies—Impairment of Financial Assets" for details on our policies regarding allowance for credit losses.

As of April 30, 2025, approximately RMB53.6 million, or 85.5% of our trade receivables as of December 31, 2024 had been settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Value-added tax recoverable	–	–	5,228
Deposits	403	514	246
Prepayments for purchase of property and equipment	6,754	8,816	1,709
	7,157	9,330	7,183
Current:			
Prepayments	3,052	6,971	4,761
Staff advances	504	334	618
Value added tax recoverable	3,273	4,415	1,948
Other receivables	391	14	–
Deferred listing expense	–	–	8,907
Impairment	(45)	(113)	(136)
Total	**7,175**	**11,621**	**16,098**

Our prepayments for purchase of property and equipment increased from RMB6.8 million as of December 31, 2022, to RMB8.8 million as of December 31, 2023, primarily due to an increase in purchase volume of property and equipment in relation to our expansion of the Hangzhou Biopharma Town Site and the Rocklin Site. Our increases in current prepayment, other receivables and other assets during the Track Record Period was primarily due to the expansion of our business scale and the resulting increases in prepayments for raw materials and value added tax. Our prepayments for purchase of property and equipment decreased from RMB8.8 million as of December 31, 2023 to RMB1.7 million as of December 31, 2024, primarily due to receipt of the property and equipment. Our deferred listing expenses of RMB8.9 million as of December 31, 2024 relate to payment for expenses in relation to this Global Offering that had not been recognized as listing expenses as of December 31, 2024.

Financial Assets at FVTPL

Our financial assets measured at FVTPL primarily consist of our structured deposits, investment in wealth management products, and equity investment. The wealth management products included investments in treasury bonds, financial bonds, central bank bills, bank deposits, bond repurchases, and interbank certificates of deposit. We had financial assets at FVTPL of RMB333.9 million, RMB111.6 million and RMB1.6 million as of December 31, 2022, 2023 and 2024, respectively. We fully redeemed the structured deposits and wealth management products in 2024, which led to the significant decrease in financial assets at FVTPL from December 31, 2023 to December 31, 2024. The fair values of our financial assets at FVTPL are measured using level 2 and level 3 input. For the structured deposits, returns are determined with reference to the performance of the underlying instruments in the currency market. The average return rate of our structured deposits and wealth management products was from 1.5% to 4.0% per annum as at December 31, 2022 and 2023 and 2024.

We believe we can make better use of our cash by making appropriate investments in wealth management products of low-to-medium risk, which generate income without interfering with our business operation or capital expenditures. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal measures which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. Our finance department is responsible for the analysis and research of investment in wealth management products based on our cash positions. Investment decisions on wealth management products must be approved by our finance director. Redemption of wealth management products prior to their maturity must be initiated by finance managers and approved by our finance director. These policies and measures were formulated by our senior management, and the implementation of our investment policies and measures was supervised by our Board. We will comply with requirements under Chapter 14 of the Listing Rules and disclose the details of our investments and other notifiable transactions to the extent necessary and as appropriate after the Global Offering.

Trade Payables

Our trade payables decreased from RMB12.7 million as of December 31, 2022 to RMB6.7 million as of December 31, 2023, primarily due to a decrease in unit price of our raw materials. Our trade payables increased from RMB6.7 million as of December 31, 2023 to RMB23.5 million as of December 31, 2024, primarily due to an increase in purchases of raw materials, packaging materials and other supplies in 2024. Our trade payable turnover days decreased from 24.4 days in 2022 to 22.7 days in 2023 and subsequently increased to 28.6 days in 2024, primarily driven by changes in cycle of receiving invoices from and making payments to suppliers.

The following table sets forth our trade payable turnover days during the year indicated.

	For the year ended December 31,		
	2022	**2023**	**2024**
Trade payable turnover days[(1)]	24.4	22.7	28.6

(1) Trade payable turnover days were calculated based on the average of opening and ending trade payable balance for the relevant period, divided by the cost of sales for the same period, and multiplied by the number of days in that period.

The following table sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	12,474	6,546	23,328
1 to 2 years	88	16	22
Over 2 years	149	169	119
Total	**12,711**	**6,731**	**23,469**

As of April 30, 2025, approximately RMB19.8 million, or 84.4%, of our trade payables as of December 31, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) deferred government grants; (ii) payroll and welfare payable; (iii) payables for acquisition of plant and equipment; and (iv) accrued listing expenses.

Our deferred government grants primarily consist of (i) subsidies received from local governments in relation to our RMB300.0 million convertible bond (the "Bond-related Grant"), and (ii) project related government grants.

The Bond-related Grant was in form of interest reimbursements and effectively rendered our RMB300.0 million convertible bond (the "Bond") interest-free. This Bond-related Grant was intended to support our business operations and the development of local manufacturing infrastructure. The granting government authority made payments of RMB21.9 million, RMB21.0 million and RMB6.6 million, under the Bond-related Grant in December 2021, March 2023 and June 2024, respectively. Specifically, the amount of deferred Bond-related Grant as of December 31, 2022 and 2023 was RMB21.9 million and RMB42.9 million,

respectively, recorded as deferred government grants in other payables and accruals. We did not record deferred Bond-related Grant that was recorded as deferred government grants in other payables and accruals as of December 31, 2024. Due to the changes in interest rate in China and as agreed by the relevant government authority and us, the accrued unpaid interest under the Bond was reduced to RMB6.6 million in March 2024. We have repaid the interests for the Bond in December 2021 and March 2023 and fully repaid the outstanding interest in cash of RMB6.6 million in June 2024.

According to our agreements with the relevant government authority, the Bond-related Grant was subject to certain conditions such as the Company's financial performance, capital investments and local tax contributions (as amended by mutual agreements, the "**Conditions**"), which were determined based on various factors primarily related to our long-term contributions to the local economy. We could be subject to a potential clawback of the Bond-related Grant if the Conditions were not fulfilled. In June 2024, we have fulfilled all Conditions after repaying the outstanding interest in cash of RMB6.6 million and returning RMB21.9 million of the received Bond-related Grant to the relevant government authority. The amount of Bond-related Grant returned to the relevant government authority was the difference between the accumulated Bond-related Grant received and the finalized grant as definitely agreed by the relevant government authority and us. As all the Conditions attaching to the Bond-related Grant were fulfilled in June 2024, the remaining Bond-related Grant is recognized as other income in 2024 and is one-off in nature. We did not record deferred government grants related to the Bond-related Grant as of December 31, 2024.

For further detail for the recognition and conditions of our Bond-related Grant, see Note 26 and Note 31 of the Accountants' Report in Appendix I to this Prospectus.

We also received other government grants of RMB39.0 million subsidy in relation to a particular R&D project in November 2019 which is subject to final inspection by the granting authority. Upon acceptance of inspection results in June 2024 by the granting authority, the deferred government grant is eliminated, and is recognized as other income over the rest of useful life of the related assets.

Our other payables and accruals increased from RMB100.4 million as of December 31, 2022 to RMB120.5 million as of December 31, 2023, primarily due to an increase in deferred government grants in relation to the receipt of interest subsidies on convertible bond. Our other payables and accruals further decreased to RMB53.5 million as of December 31, 2024, primarily due to a decrease in deferred government grants as explained above in relation to the receipt of interest subsidies on convertible bond.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grants	60,875	81,875	–
Other payables	5,458	4,370	6,933
Other taxes payable	3,163	1,578	1,385
Payroll and welfare payable	16,914	14,657	23,289
Payables for acquisition of plant and equipment	13,201	17,955	14,208
Accrued listing expenses	–	–	7,645
Others	780	99	–
Total	**100,391**	**120,534**	**53,460**

Our Directors confirm that during the Track Record Period, we did not have any material defaults on our trade and other payables and accruals.

Contract Liabilities

Our contract liabilities represent the obligations to transfer goods or deliver services to customers from which we had received consideration. The fluctuation of contractual liabilities is mainly due to whether we deliver services at the end of the year. Our contract liabilities decreased from RMB49.4 million as of December 31, 2023 to RMB37.4 million as of December 31, 2024, primarily due to the increased services delivery during the year end of 2024, resulting in revenue recognition.

As of April 30, 2025, approximately RMB17.6 million, or 47.0%, of our contract liabilities as of December 31, 2024 had been recognized as revenue.

Net Assets

Our net assets further increased from RMB202.5 million as of December 31, 2022 to RMB253.9 million as of December 31, 2023, primarily due to our total comprehensive income for the year of RMB49.5 million in 2023. Our net assets further increased to RMB318.8 million as of December 31, 2024, primarily due to our total comprehensive income for the year of RMB60.4 million in 2024.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we primarily relied on cash from business operations, capital contribution from shareholders, issuance of equity shares and convertible bonds as major sources of liquidity. With respect to cash management, our objective is to optimize liquidity to secure a stable return for shareholders in a risk-averse manner. Specifically, we have policies in place to monitor and manage the settlement of trade receivables. When determining the credit term of a customer, we consider a number of factors, including length of past cooperation and its past payment timeliness. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of each customer's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer in the respective period.

Cash Flows

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

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	67,556	61,978	78,449
Operating cash flows before movements in working capital	146,196	124,392	177,150
Cash generated from operations	145,848	105,535	114,912
Net cash generated from operating activities	134,798	88,327	120,507
Net cash (used in)/generated from investing activities	(350,932)	182,426	5,153
Net cash used in financing activities	(60,085)	(23,726)	(276,471)
Net (decrease)/increase in cash and cash equivalents	(276,219)	247,027	(150,811)
Cash and cash equivalents at beginning of the year	538,264	279,048	531,012
Cash and cash equivalents at end of the year	279,048	531,012	387,183

Net Cash Generated from Operating Activities

Net cash generated from operating activities was RMB120.5 million in 2024, primarily due to our profit before tax of RMB78.4 million, less income tax paid of RMB6.4 million and plus interest received of RMB12.0 million, as adjusted by (i) certain non-cash and non-operating items, primarily including depreciation of property plant and equipment of RMB20.7 million and amortization of other intangible assets of RMB6.5 million and partially offset by bank interest income of RMB13.6 million; (ii) changes in working capital that positively affected the cash flow from operating activities, primarily including increase in deferred government grants of RMB35.5 million due to a transfer from other payables and accruals in 2024 and a decrease in contract liabilities of RMB12.0 million; (iii) an increase of RMB16.7 million in trade payables; (iv) partially offset by changes in working capital that negatively affected the cash flow from operating activities, primarily including a decrease in other payables and accruals of RMB65.5 million and an increase in inventories of RMB14.2 million; and (v) an increase and trade and note receivables of RMB22.2 million.

Net cash generated from operating activities was RMB88.3 million in 2023, primarily due to our profit before tax of RMB62.0 million, less income tax paid of RMB24.1 million and plus interest received of RMB6.9 million, as adjusted by (i) certain non-cash and non-operating items, primarily including loss on fair value changes of financial liabilities measured at FVTPL of RMB45.4 million and depreciation of property plant and equipment of RMB20.2 million; (ii) changes in working capital that positively affected the cash flow from operating activities, primarily including increase in other payables and accruals of RMB15.4 million; and (iii) partially offset by changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase in trade and notes receivables of RMB17.2 million, a decrease in contract liabilities of RMB9.7 million and a decrease in trade payables of RMB6.0 million.

Net cash generated from operating activities was RMB134.8 million in 2022, primarily due to our profit before tax of RMB67.6 million, less income tax paid of RMB12.0 million and plus interest received of RMB0.9 million, as adjusted by (i) certain non-cash and non-operating items, primarily including loss on fair value changes of financial liabilities measured at FVTPL of RMB67.1 million and depreciation of property and equipment of RMB16.4 million and partially offset by fair value change of financial assets at FVTPL of RMB7.9 million; and (ii) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in contract liabilities of RMB8.9 million and an increase in other payables and accruals of RMB6.3 million; and (iii) partially offset by changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase in inventories of RMB14.3 million.

Net Cash (Used in)/Generated from Investing Activities

Net cash flows generated from investing activities was RMB5.2 million in 2024, primarily due to the redemption of wealth management products of RMB210.0 million, partially offset by placement of time deposits of RMB142.4 million, purchase of financial assets at FVTPL of RMB100.0 million.

Net cash flows generated from investing activities was RMB182.4 million in 2023, primarily due to the redemption of wealth management products of RMB332.1 million, partially offset by purchase of financial assets at FVTPL of RMB110.0 million and purchase of property and equipment of RMB55.2 million.

Net cash flows used in investing activities was RMB350.9 million in 2022, primarily due to the purchase of financial assets at FVTPL of RMB420.2 million, purchase of property and equipment of RMB92.1 million and placement of time deposits of RMB50.0 million, partially offset by the redemption of wealth management products of RMB201.4 million.

Net Cash Used in Financing Activities

Net cash flows used in financing activities was RMB276.5 million in 2024, primarily due to repayment for principal of convertible bonds of RMB300.0 million and partially offset by new bank borrowing of RMB40.0 million.

Net cash flows used in financing activities was RMB23.7 million in 2023, primarily due to payment for interests of convertible bonds of RMB21.0 million.

Net cash flows used in financing activities was RMB60.1 million in 2022, primarily due to repayment of bank borrowing of RMB87.6 million and partially offset by capital injection from shareholders of RMB36.3 million.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Track Record Period primarily related to our purchase of property and equipment and intangible assets, and amounted to RMB92.2 million, RMB55.6 million and RMB22.5 million, respectively, in 2022, 2023 and 2024. We funded our capital expenditure requirements during the Track Record Period mainly from a combination of cash generated from our operating activities, loans and advances from related parties and capital injection from shareholders.

We plan to fund our planned capital expenditure by using the cash flow generated from our operations and the net proceeds received from the Global Offering. See "Future Plans and Use of Proceeds" for the portion of capital expenditures to be funded by the proceeds from the Global Offering.

Capital Commitments

Our capital commitments primarily related to purchase of property and equipment and building construction. The following sets forth a summary of our capital commitments as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
Property and equipment	60,481	45,001	39,912
Total	**60,481**	**45,001**	**39,912**

INDEBTEDNESS

Our indebtedness during the Track Record Period consists of convertible bonds, redemption liabilities on equity shares, non-trade related amounts due to related parties, interest-bearing bank borrowing and lease liabilities. The following table sets forth our indebtedness position as of December 31, 2022, 2023, 2024 and April 30, 2025 (being the latest practicable date for the purpose of indebtedness statement).

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Convertible bonds	321,000	321,000	–	–
Non-trade related amounts due to related parties	183	–	–	–
Interest-bearing bank borrowing	–	–	40,000	40,090
Lease liabilities	2,474	1,846	379	393
Non-current				
Lease liabilities	1,815	–	764	629
Redemption liabilities on equity shares	517,667	542,038	639,805	639,865
Total	843,139	864,884	680,948	680,977

Convertible Bonds

Our convertible bonds were issued to Heda Kontide in December 2020 in exchange for a cash loan of RMB300.0 million. We had repaid the principal of the convertible bonds in March 2024 and the convertible bonds were fully redeemed.

Non-trade Related Amounts Due to Related Parties

See "—Related Party Transactions" for details on the background and amounts of amounts due to related parties.

Interest-bearing Bank Borrowing

We had one interest-bearing bank borrowing of RMB40.0 million as of December 31, 2024. Such borrowing had an interest rate of 2.95% and have been repaid in January 2025.

We had one interest-bearing bank borrowing of RMB40.0 million as of April 30, 2025. Such borrowing had an interest rate of 2.7% and was made in February 2025.

In addition, we had total banking facilities of RMB280.0 million, of which RMB240.0 million was unutilized banking facilities as of April 30, 2025.

Lease Liabilities

Our lease liabilities primarily relate to our leases of offices in Beijing and the U.S. The decrease in our lease liabilities during the Track Record Period was primarily due to lease payments under the relevant lease agreements.

Redemption Liabilities on Equity Shares

Our redemption liabilities on equity shares were in relation to our issuance of Series A Shares. Changes in redemption liabilities on equity shares were primarily due to fluctuations in the fair value of our Series A Shares. We engage independent third-party valuers to assess the market value of our Series A Shares each year during the Track Record Period.

Save as disclosed above, we did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities as of April 30, 2025.

We had not guaranteed the indebtedness of any independent third parties as of the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2025 and up to the date of this Prospectus.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Company.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us including our cash and cash equivalents on hand, the available banking facilities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

LISTING EXPENSES

The total listing expenses payable by our Company are estimated to be approximately HK$84.4 million, representing 17.0% of the total gross proceeds from the Global Offering, and based on an Offer Price of HK$29.50. These listing expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the Underwriters, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering. Approximately HK$49.4 million of the total listing expenses is expected to be charged to our consolidated statements of profit or loss, and approximately HK$35.0 million is expected to be deducted from equity (relating to listing expenses directly attributable to the issue of shares).

The following table sets forth a breakdown of the listing expenses for the Global Offering based on the mid-point Offer Price of HK$29.50 per Offer Share.

Listing Expenses	Based on an Offer Price of HK$29.50 per Offer Share *(HK$'000)*
Non-underwriting related expenses	
Legal and audit expenses	34,979
Other expenses	24,580
Underwriting related expenses	24,822
Total	84,381

KEY FINANCIAL RATIOS

The following table sets forth key financial ratios for the years or as of the dates indicated.

	As of/for the year ended December 31,		
	2022	**2023**	**2024**
Gross profit margin[(1)]	57.3%	53.5%	56.5%
Net profit margin[(2)]	15.4%	14.5%	13.4%
Return on assets[(3)]	4.5%	3.8%	4.8%
Return on equity[(4)]	35.1%	21.4%	20.7%
Current ratio[(5)]	1.5	1.5	4.0

(1) Gross profit margin equals our gross profit divided by revenue for the same year.

(2) Net profit margin equals our profit for the year divided by revenue for the same year.

(3) Return on assets equals profit (on an actual basis for 2022, 2023 and 2024) for the year divided by the average of the opening and ending balances of total assets for the same year and multiplied by 100%.

(4) Return on equity equals profit (on an actual basis for 2022, 2023 and 2024) for the year divided by the average of the opening and ending balances of total equity for the same year and multiplied by 100%.

(5) Current ratio equals our current assets divided by current liabilities as of the end of the year.

Analysis of Key Financial Ratios

Gross Profit Margin and Net Profit Margin

See "—Year to Year Comparison" for a discussion of the factors affecting our gross profit margin and net profit margin during the Track Record Period.

Return on Assets

Our return on assets ratio decreased from 4.5% in 2022 to 3.8% in 2023, primarily due to a decrease in our profit for the year from RMB54.0 million in 2022 to RMB48.9 million in 2023. Our return on assets ratio increased to 4.8% in 2024, primarily due to an increase in our profit for the year from RMB48.9 million in 2023 to RMB59.2 million in 2024.

Return on Equity

Our return on equity ratio decreased from 35.1% in 2022 to 21.4% in 2023, primarily due to a decrease in our profit for the year from RMB54.0 million in 2022 to RMB48.9 million in 2023. Our return on equity ratio remained relatively stable at 20.7% in 2024.

Current Ratio

Our current ratio remained stable of 1.5 as of December 31, 2022 and December 31, 2023. Our current ratio increased from 1.5 as of December 31, 2023 to 4.0 as of December 31, 2024, primarily due to a decrease in convertible bonds, an increase in time deposits and a decrease in other payables and accruals.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions. For details of our related party transactions, see Note 38 to the Accountants' Report in Appendix I to this Prospectus. Our Directors are of the view that each of the related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties and does not distort our Track Record Period results or make our historical results not reflective of future performance.

Amounts Due From Related Parties

Our advances due from related parties primarily relate to non-trade advances to UCP Biosciences and Dr. Xu Qi. Our amounts due from related parties decreased from RMB3.0 million as of December 31, 2022 to RMB1.7 million and as of December 31, 2023, primarily due to our disposal of UCP Biosciences. Our advances to Dr. Xu Qi had been repaid in full in May 2024. The advances was fully settled by December 31, 2024.

Amounts Due to Related Parties

As of December 31, 2022, 2023 and 2024, we had amounts due to related parties of RMB2.3 million, RMB1.9 million and RMB1.8 million, respectively. During the Track Record Period, amounts due to related parties primarily comprised (i) amounts that were non-trade in nature due to Hangzhou Jicheng Pharmaceutical Technology Co., Ltd (杭州濟城醫藥科技有限公司) and Prometheus Bio; and (ii) amounts that were trade in nature due to Zhejiang Handing Pharmaceutical Co., Ltd (浙江漢鼎醫藥有限公司) and Prometheus Bio.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to currency, credit and liquidity risks arising from the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency Risk

Our foreign currency transactions, including sales, expose us to foreign currency risk. Certain of our bank balances and cash, trade receivables and trade payables are denominated in currencies other than the functional currency of the relevant group entities and expose us to such foreign currency risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. At the end of each year during the Track Record Period, our maximum exposure to credit risk which cause a financial loss to us due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of the financial position.

In order to minimize credit risk, we have developed and maintained our credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and our own historical repayment records to rate its major customers and other debtors. Our exposure and the credit ratings of its counterparties are continuously monitored and reviewed at the end of each year during the Track Record Period to ensure the adequate impairment losses are made for irrecoverable amount. For more details about our credit risk, see Note 41 to the Accountants' Report in Appendix I to this Prospectus.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of bank balances and cash deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. For more details about our liquidity risk, including a maturity profile of our financial liabilities, see Note 41 to the Accountants' Report in Appendix I to this Prospectus.

DIVIDEND

During the Track Record Period, we did not pay any dividends, nor did we declare any dividends. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and applicable laws and regulations. The declaration and payment of any dividends in the future will be determined by our shareholders' meeting, in its discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements, overall financial condition and contractual restrictions. We may by ordinary resolution resolve to declare dividends in any currency and authorize payment of the dividends out of the funds of our Company lawfully available. There is no assurance that dividends of any amount will be declared to be distributed in any year. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

PRC laws require that dividends be paid only out of net profits calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVE

As of December 31, 2024, we did not have any distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGES

Our Directors confirm that up to the date of this Prospectus, there has been no material adverse changes in our financial, operational, or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2024, being the end of the period reported on the Accountants' Report included in Appendix I; and there has been no event since December 31, 2024 and up to the date of this Prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Prospectus. However, our financial performance may be affected by changes in the fair value of redemption liabilities on equity shares until their conversion into equity upon Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for inclusion in Investment Circulars for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of the parent as of December 31, 2024 as if the Global Offering had taken place on December 31, 2024.

Our unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the parent had the Global Offering been completed as of December 31, 2024 or as at any future date.

	Consolidated net tangible assets of our Group attributable to owners of the parent as of December 31, 2024	**Estimated net Proceeds from the Global Offering**	**Estimated impact to the consolidated net tangible assets upon the derecognition of redemption liabilities on equity shares upon Listing**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as of December 31, 2024**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as of December 31, 2024**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000 (Note 3)*	*RMB'000*	*RMB (Note 4)*	*HK$ (Note 5)*
Based on an Offer Price of HK$28.40 per Offer Share	187,328	385,053	639,805	1,212,186	8.55	9.35
Based on an Offer Price of HK$30.60 per Offer Share	187,328	417,162	639,805	1,244,295	8.78	9.59

Notes:

1. The consolidated net tangible assets of our Group attributable to owners of the parent as of December 31, 2024 was equal to the consolidated net assets attributable to owners of the parent as of December 31, 2024 of RMB318,750,000 after deducting goodwill of RMB95,406,000 and other intangible assets of RMB36,016,000 set out in the Accountants' Report in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated low-end and high-end offer prices of HK$28.40 and HK$30.60 per Share after deduction of the underwriting fees and other related expenses payable by the Company excluding the listing expenses that had been charged to profit and loss during the Track Record Period.

3. Upon the Listing and the completion of the Global Offering, all redemption liabilities on equity shares will be automatically derecognized. The redemption liabilities on equity shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by RMB639,805,000, being the carrying amount of the redemption liabilities on equity shares as of December 31, 2024.

4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share is arrived at after adjustments referred to in the preceding notes 2, 3 and on the basis that 141,800,000 Shares were in issue assuming the Global Offering has been completed on December 31, 2024.

5. For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.0934.

6. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or open transactions of our Group entered into subsequent to December 31, 2024.

FUTURE PLANS

For further details of our future plans, please see the section headed "Business—Our Strategies" in this Prospectus.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering, after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering, will be approximately HK$411.2 million, assuming an Offer Price of HK$29.50 per H Share.

We intend to apply such net proceeds from the Global Offering for the following purposes:

(i) Approximately 76.4% of the net proceeds, or HK$314.0 million, will be used to further expand our service capability and capacity by constructing our facilities in the United States and China. The intended use of such facilities is for peptide and oligonucleotide production.

The rationale behind our strategic choice to expand our service capability and capacity rests on the following factors: (i) the worldwide footprint of an expanding customer base, with 78% of our revenue originating from international clients beyond China in 2023, (ii) the escalating number of ongoing projects, (iii) the tremendous industry growth potential. According to Frost & Sullivan, the global peptide CRDMO market by sales revenue grew from US$1.6 billion in 2018 to US$3.1 billion in 2023, representing a CAGR of 14.8%, and is expected to further grow to US$18.8 billion by 2032, representing a CAGR of 22.0% from 2023, and the global oligonucleotide CDMO market by sales revenue grew from US$0.5 billion in 2018 to US$2.3 billion in 2023, representing a CAGR of 33.8%, and is expected to further grow to US$18.4 billion in 2032, representing a CAGR of 26.0% from 2023. We expect the projected growth of the global peptide CRDMO services and oligonucleotide CDMO services market, combined with the benchmark effect of our industry leadership, will further drive the market demand for our integrated CRDMO services; and (iv) based on current negotiation and communication with our customers, we expect that our project numbers will increase. Thus, it is pivotal for us to strengthen our service capabilities and scale up production capacity in advance so as to continue to provide high-quality services and successfully accommodate the surge in demand for our services.

Additionally, we need to establish and maintain smaller capacity production lines, because the product batches required by different customers can vary significantly, ranging from milligrams to kilograms. For instance, it is impractical to utilize a kilogram-scale purification line to purify a milligram-scale product. The costs of maintaining small production lines are not significant. Furthermore, we cannot utilize multiple smaller capacity production lines to produce orders of larger

volume, because the same batch product must be produced on the same production line. First, customers often require that large quantities of products be produced in the same batch, accompanied by a single certificate of analysis. Producing large quantities of products across different smaller capacity lines would result in separate batches, each batch requiring its own certificates of analysis. Second, each batch of products needs to be inspected before release to customers. In the case of multiple small batches from different smaller capacity lines, each small batch needs to be separately inspected, which increases both production cost and inspection costs.

Given the expected growth of the global peptide CRDMO market, we believe that customer demand will likely continue to increase in the coming years, and that we should continue to expand our production capacity in preparation for the anticipated increase in demand.

In addition to the expected significant growth in overall demand as described above, we believe having additional manufacturing capacity is necessary due to (i) the currently high utilization rate of our current manufacturing facilities; and (ii) the need for larger per-batch manufacturing capacity to respond to customer demand.

Current Utilization Rate

The current utilization rates for our key production lines have reached a very high level. We define key production lines as (i) synthesis production lines with reactors at high capacities; and (ii) purification lines with large diameters. According to the above criteria, we have 14 key production lines as of the Latest Practicable Date, including six synthesis lines and eight purification lines, accounting for nearly 90% of our total synthesis and purification capacities. These key lines are crucial to our operations, as they manufacture some important products of our top customers in larger production volume.

The average utilization rates for these 14 key lines reached 73.3% and 89.6% in 2023 and 2024, respectively. Under this methodology, the monthly utilization rate is calculated by dividing the actual days in that month that our facilities are in operation to carry out manufacturing projects for customers (including the days for actual manufacturing, the necessary clean-up steps, equipment maintenance and validation, audits, production line sharing and suitability assessments, and non-production days including public holidays that had no production arrangement) divided by the total number of calendar days in the respective month. In some cases, the monthly utilization rate for certain manufacturing lines could reach as high as 93.3%. For many of our CDMO projects, demand for capacity increases as projects advance. Thus, customers typically prefer their CDMO service providers to have sufficient buffered capacity. If the utilization rate is too high, as ours is right now, we risk losing potential orders. Therefore, we need to establish new production capacity.

Need for Larger Per-batch Capacity

In addition to the need for manufacturing capacity expansion to fulfill the increasing overall customer demand, we also need to construct new manufacturing lines with larger per-batch volume/output to meet customers' requirement on minimal per-batch volume which our current production lines cannot deliver. Such need for larger per-batch volume is in part driven by customers' own business needs, as well as the higher unit economies and production efficiency of larger reactors (which could lead to higher per-batch volume/output). We are discussing service agreements with certain customers who have larger per-batch demand than what our current manufacturing lines can deliver right now, which requires us to have new manufacturing lines with larger reactors in order to retain and continue our business relationship with such customers.

Conclusion

In conclusion, based on the forecasted market development, the high utilization rates of our key production lines, and the need for larger per-batch capacity as raised in the latest secured orders and supply agreements with customers, our current manufacturing facilities are expected to be unable to fully satisfy the expected increase in overall and/or per-batch customer demand. Thus, we believe our proposed investment and use of proceeds as described in more details below is justified.

More specifically:

(1) approximately 38.2% of the net proceeds, or HK$157.0 million, will be used to establish our facility at Rocklin Site, the United States. In 2022, we acquired a production facility in Rocklin, California, which occupies approximately 12,000 square meters of land, boasting a building area of approximately 4,000 square meters. We plan to complete the construction of Rocklin Site (including installation of equipment) in the second half of 2025, which we expect will increase our annual production capacity by approximately 100-300kg, with five additional production lines for APIs;

    - approximately 20.7%, or HK$85.2 million, to be used for the construction of our facility at the Rocklin Site to meet the growing demand from customers worldwide for end-to-end peptide CRDMO services and oligonucleotide CDMO services;

- approximately 10.9%, or HK$44.9 million, to be used to purchase manufacturing and R&D equipment and systems for the operation of our Rocklin Site. We plan to purchase approximately 28 sets of equipment for GMP-compliant workshops, raw material workshops, hydrogenation workshops, and cubic tank workshops, including stability chambers, freezers, refrigerators, balances, synthesisers, lyophilizers, high performance liquid chromatography systems, liquid chromatography-mass spectrometry systems, and gas chromatography-mass spectrometry systems;

- approximately 6.5%, or HK$26.9 million, to be used to recruit manufacturing, R&D and management personnel for the operation of our Rocklin Site. Specifically, we plan to use the allocated net proceeds to recruit approximately two R&D professionals with a bachelor's degree or above in chemistry, pharmaceutical and other relevant fields, approximately 30 manufacturing specialists and operators with background in chemistry and pharmaceutical manufacturing and approximated eight management personnels with a bachelor's degree or above in management and other relevant fields.

  The Rocklin Site is expected to feature two synthesis production lines, with expected per-batch production capacities per line of as high as 10kg, respectively. Additionally, there are three planned purification production lines, with an expected per-batch production capacities per line of as high as 10kg. These lines are designed to meet the diverse needs of our customers based on the stage of their product development, providing us flexibility in meeting customer demand.

(2) approximately 19.1%, or HK$78.5 million, will be used to expand the production capacity of our existing Qiantang Site. As of the Latest Practicable Date, our Qiantang Site housed 19 peptide synthesis production lines ranging from 20L to 1,000L, alongside 16 purification production lines. Our Qiantang Site has an annual API production capacity of 500kg and per-batch production capacity of 20kg, capable of handling multiple 100kg level purchase orders;

- approximately 8.9%, or HK$36.6 million, to be used for expanding new production lines at Qiantang Site to meet the growing demand from customers worldwide for end-to-end peptide CRDMO services and oligonucleotide CDMO services. We commenced the expansion of Qiantang Site in October 2024 and expect to complete the expansion by the end of 2025, achieving an annual productivity of 500kg;

- approximately 10.2%, or HK$41.9 million, to be used to purchase additional manufacturing and R&D equipment and systems for the operation of Qiantang Site. We plan to purchase approximately 56 sets of equipment for GMP-compliant workshops, raw material workshops, hydrogenation workshops, and cubic tank workshops, including freezers, refrigerators, purified water systems, synthesizers, cleavage reactors, high performance liquid chromatography systems, and lyophilizers;

  The Qiantang Site is expected to have a total of eight new synthesis production lines, with expected per-batch production capacities per line of as high as 25kg, respectively. Additionally, we also plan to expand ten new purification production lines, with an expected per-batch production capacity per line of as high as 25kg. These lines are designed to meet the diverse needs of our customers based on the stage of their product development, providing us flexibility in meeting customer demand.

(3) approximately 19.1% of the net proceeds, or HK$78.5 million, will be used to establish our facility at Hangzhou Biopharma Town Site, which will be dedicated to research, formulation development, and pilot production of peptide and oligonucleotide. This initiative is pivotal in our comprehensive strategy for peptide and oligonucleotide formulation advancement. The Hangzhou Biopharma Town Site will embody a pharmaceutical research and production facility, featuring a ten-story main building and a three-story podium. As of the Latest Practicable Date, the primary structural construction of Hangzhou Biopharma Town Site had been completed. We expect the Hangzhou Biopharma Town Site to commence operation in the second half of 2025;

  - approximately 7.6%, or HK$31.4 million, to be used to purchase manufacturing and R&D equipment and systems for the operation of our Hangzhou Biopharma Town Site. We plan to purchase approximately 20 sets of equipment for GMP-compliant workshops, raw material workshops, hydrogenation workshops, and cubic tank workshops, including protein purification systems, polarimeters, ion chromatographs, synthesizers, high performance liquid chromatography systems, and lyophilizers;

  - approximately 7.6%, or HK$31.4 million, to be used for the maintenance and improvement of our R&D laboratories at our Hangzhou Biopharma Town Site;

- approximately 3.8%, or HK$15.7 million, to be used recruit manufacturing, R&D and management personnel for the operation of our Hangzhou Biopharma Town Site. Specifically, we plan to use the allocated net proceeds to recruit approximately 30 R&D professionals with a bachelor's degree or above in chemistry, pharmaceutical and other relevant fields, approximately 10 manufacturing specialists and operators with background in chemistry and pharmaceutical manufacturing and approximated two management personnels with a bachelor's degree or above in management and other relevant fields.

(ii) Approximately 4.1% of the net proceeds, or HK$16.9 million, will be used for our production capacity expansion in China. In addition to Qiantang Site and Hangzhou Biopharma Town Site, we plan to construct or acquire a new production facility in China in the next two or three years, which we expect will increase our annual production capacity by 2,000kg. The intended use of this new production facility is solely for GLP-1 production, which is in response to growing existing and potential customer demand for GLP-1 products, which are approaching advanced stages of clinical and commercial production. As of the Latest Practicable Date, we had not identified any acquisition target or enter into any definitive investment or acquisition agreement.

We plan to own our expanded production facilities rather than rent or lease. We intend to select a city in major economically developed regions in China with a high population density to acquire or construct such new facility. When selecting potential acquisition targets, it can be an existing peptide API facility or non-peptide API facility. We plan to also consider the following factors: (i) we plan to focus on acquisition of tangible facilities instead of whole businesses; (ii) we plan to focus on our search on facilities occupying approximately 33,000 sq.m. to 66,000 sq.m. in land area; (iii) the target facilities must be able to accommodate organic synthesis processes; (iv) the target facilities must have business sales of peptide or oligonucleotide regardless of the size of revenue; (v) the target facility must have at least 5-10 qualified key employees knowledgeable on the facility, its infrastructure system, and operations; (vi) the target facilities must have established infrastructure capable handling large scale solvents use, storage, waste collection, storage and treatment system up to our standards, such as waste disposal, solvent supply, and liquid raw material storage capabilities, all of which must comply with government requirements; (vii) although we may consider facilities with different lengths of operating history, we would require the company that operates the facility to have at least five years of experience in the industry; (viii) we would require the percentage of labor costs over the total cost of the facility for the part year to be no higher than 25%, regardless of the size of revenue generated by the facility; (ix) the target facility should have ability to bring in new business opportunities; (x) the target facility should have good compliance track record without any material breaches of all applicable laws and regulations since their establishments; (xi) the target facility must have relatively clear and simple shareholding structure without

any material litigation or arbitration proceedings; and (xii) the target facility must have necessary permits, licenses and approvals for operating their businesses. According to Frost & Sullivan, there are suitable acquisition targets that satisfy our selection criteria in South China and East China, such as Chongqing or a city selected from Jiangsu, Zhejiang or Sichuan provinces in China. We have not identified any targets as of the Latest Practicable Date.

We also plan to purchase approximately 57 sets of equipment for GMP-compliant workshops, raw material workshops, hydrogenation workshops, and cubic tank workshops, including synthesisers, cleavage reactors, purified water systems, high performance liquid chromatography systems, liquid chromatography-mass spectrometry systems, and gas chromatography-mass spectrometry systems. In addition, we plan to recruit approximately 10 R&D professionals with a bachelor's degree or above in chemistry, pharmaceutical and other relevant fields with a salary range of RMB100,000 to RMB500,000 per year, approximately 150 manufacturing specialists and operators with background in chemistry and pharmaceutical manufacturing with a salary range of RMB80,000 to RMB300,000 per year, and approximated 20 management personnels with a bachelor's degree or above in management and other relevant fields with a salary range of RMB200,000 to RMB1 million per year.

(iii) Approximately 9.5% of the net proceeds, or HK$39.2 million, will be used to establish sales and after-sales service presence in more regions to enrich our operations worldwide and enlarge our customer pool. We plan to establish sales and after-sales service offices in Europe.

(iv) Approximately 10.0% of the net proceeds, or HK$41.1 million, will be used for our working capital and other general corporate purposes.

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, bank loans and other borrowings.

If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

OVERALL COORDINATORS AND JOINT GLOBAL COORDINATORS

Morgan Stanley Asia Limited

CLSA Limited

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited

CLSA Limited

(in alphabetical order)

China Everbright Securities (HK) Limited

Prime Securities Limited

Soochow Securities International Brokerage Limited

Aristo Securities Limited

HONG KONG UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 1,680,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this Prospectus.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be converted from the Unlisted Shares and to be issued pursuant to the Global Offering as mentioned in this Prospectus and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered but 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 and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice (in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to the time being 90 minutes before the trading of the H Shares first commences on the Stock Exchange:

(a) there shall develop, occur, exist or come into effect:

(i) any event or a series of local, national, regional or international event(s) or circumstance(s) in the nature of force majeure (including any acts of government, declaration of a national, regional or international emergency or war, calamity, crisis, epidemic and pandemic, or interruption or delay in transportation, outbreak, escalation, mutation or aggravation of disease, economic sanctions, labour disputes, strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or directly or indirectly affecting Hong Kong, the PRC, the United States, the United Kingdom, Australia, the European Union (or any member thereof) or any other jurisdiction relevant to our Group (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change, or any event or series of events or circumstance resulting or representing any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, exchange control or any monetary or trading settlement system (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly or indirectly affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority (as defined in the Hong Kong Underwriting Agreement)), the PRC, New York (imposed at the U.S. Federal or New York State level or other competent Authority), London, the European Union (or any

member thereof) or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(v) any new Law (as defined in the Hong Kong Underwriting Agreement), or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent Authority of) existing Laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction Laws or regulations, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting Taxes (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or RMB against any foreign currencies and a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation, dispute, legal action or claim, regulatory investigation or action of any third party being threatened or instigated against any member of our Group or any Director or Supervisor; or

(ix) a contravention by any member of our Group or any Director or Supervisor of the Listing Rules or applicable Laws; or

(x) non-compliance of this Prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(xi) 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 any supplement or amendment to this Prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xii) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" of this Prospectus; or

(xiii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity or any loss or damage sustained by that member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xiv) any member of the senior management of our Company as named in this Prospectus vacating his or her office; or

(xv) any order or petition for the winding up or liquidation of any member of our Group (other than our Company) or any composition or arrangement made by any member of our Group (other than our Company) with its creditors or a scheme of arrangement entered into by any member of our Group (other than our Company) or any resolution for the winding-up of any member of our Group (other than our Company) or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group (other than our Company) or anything analogous thereto occurring in respect of any member of our Group (other than our Company); or

(xvi) any non-compliance of this Prospectus, the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) 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 any applicable Laws (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the CSRC Rules) (as defined in the Hong Kong Underwriting Agreement)),

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 may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for any part of the Hong Kong Underwriting Agreement, or any part of the Hong Kong Public Offering or the Global Offering, or the delivery of the Offer Shares, to be performed or implemented or to proceed or to market the

Global Offering in the manner contemplated by this Prospectus; or (4) has, will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting of the Hong Kong Public Offering and/or the Global Offering) impracticable or incapable 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 and the Overall Coordinators:

(i) that any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the formal notice, the OC Announcement (as defined in the Hong Kong Underwriting Agreement), the Final Offering Circular (as defined in the Hong Kong Underwriting Agreement), and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering ((including any supplement or amendment thereto) (collectively, the "**Offer Related Documents**") was, when it was issued, or has become, untrue, inaccurate or incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents is not fair and honest made on reasonable grounds or, where appropriate, and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from, or misstatement in, any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements (other than upon any of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement; or

(v) any Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or

(vi) any breach of, or any event or circumstance rendering untrue, inaccurate, incorrect, incomplete or misleading in any respect, any of the representations, warranties and undertakings given by the Warrantors (as defined in the Hong Kong Underwriting Agreement) in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(vii) the chairwoman of the Board, or any Director vacating his or her office; or

(viii) a prohibition applicable to our Company, any of the Underwriters and/or any of the foregoing's respective affiliates for whatever reason from offering, allotting, issuing or selling any of the H Shares pursuant to the terms of the Global Offering; or

(ix) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in the H Shares to be issued or sold under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(x) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(xi) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this Prospectus or to the issue of any of the Hong Kong Public Offering Documents; or

(xii) a Director or a Supervisor or a member of our Company's senior management as named in this Prospectus being charged with an indictable offense or prohibited by operation of Law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(xiii) an Authority or a political body or organisation in any Relevant Jurisdiction (including, in particular, the CSRC and its local branches and representative offices) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group or any Director or Supervisor or a member of our Company's senior management as named in this Prospectus; or

(xiv) any order or petition for the winding up or liquidation of our Company or any composition or arrangement made by our Company with its creditors or a scheme of arrangement entered into by our Company or any resolution for the winding-up of our Company or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of our Company or anything analogous thereto occurring in respect of our Company; or

(xv) that a material portion of the orders placed or confirmed in the bookbuilding process, or the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to each of the Stock Exchange, the Joint Sponsors and the Overall Coordinators and to our Company that, save as disclosed in this Prospectus and except pursuant to the Global Offering, they will not, and will procure that the relevant registered holder(s) (if any) of our Shares in which they have a beneficial interest will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) at any time in the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this Prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares in respect of which our Controlling Shareholders are shown in this Prospectus to be the beneficial owners; and

(b) at any time in the period of six months commencing from the date on which the period referred to in the above paragraph (a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares to such extent that, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders will, directly or indirectly cease to be our Controlling Shareholders, provided that the above shall not prevent them from using securities of our Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have further undertaken to the Stock Exchange and our Company respectively that within the period commencing from the date by reference to which disclosure of their shareholdings in our Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date, they will immediately inform our Company and the Stock Exchange in writing of:

(i) any pledge(s) or charge(s) of any Shares or securities of our Company beneficially owned by them directly or indirectly in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and

(ii) any indication(s) received by it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by our Controlling Shareholders.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by our Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering or otherwise in compliance with the Listing Rules (including, among others, Rule 10.08 of 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 undertakes to each of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters not to, and to procure each other member of our 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):

(a) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or

repurchase, any legal or beneficial interest in any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including 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 deposit any Shares 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 any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including 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 shares or other securities of such other member of our Group, as applicable); 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 transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Each of Dr. Xu, Healthy Angel, Qikang International and Hangzhou Haiding (together, the "**Warranting Shareholders**") undertakes to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries and the Hong Kong Underwriters to procure our Company and each other member of our Group to comply with the undertakings.

Undertaking by the Warranting Shareholders

Each of the Warranting Shareholders jointly and severally undertakes to each of our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except pursuant to the Global Offering, 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 and applicable Laws:

(a) she/it will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for her/it and the companies controlled by her/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, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend 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 legal or beneficial interest therein (including 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 (the "**Locked-up Securities**")), 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 Locked-up Securities, 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 settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period or the Second Six Month Period);

(b) she/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a) above or offer to or agree to or contract or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, another shareholder or person holding the beneficial interests in the Shares or securities of our Company becoming a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company;

(c) until the expiry of the Second Six-Month Period, in the event that she/it enters into any of the transactions specified in paragraph (a) (i), (ii) or (iii) above or offer to or agrees to or announces any intention to effect any such transaction, 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;

(d) at any time during the First Six-Month Period and the Second Six-Month Period, she/it will, and will procure that the relevant registered holder, any nominee or trustee holding on trust for her/it or controlled by her/it will (i) if and when she/it pledges or charges any Locked-up Securities, 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 he/she/it or any relevant registered holder receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interest therein) of our Company will be disposed of, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

Our Company undertakes to the Overall Coordinators, the Joint Sponsors and the Hong Kong Underwriters that upon receiving such information in writing from any of the Warranting Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

For the avoidance of doubt, the lock-up arrangements with the Warranting Shareholders referred to above shall not prevent any of the Warranting Shareholders from (a) using the Shares or other securities of our Company (or any interest therein) beneficially owned by them respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan; and (b) purchasing additional Shares or other securities of our Company or any interest therein or dispose of Shares or other securities of our Company (or any interest therein) which are purchased in the First Six-Month Period and the Second Six-Month Period, provided that such purchase does not contravene the compliance by our Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions set out therein, will agree severally to purchase, or

procure subscribers or purchasers for, the International Offer Shares being offered pursuant to the International Offering. Please see the paragraph headed "Structure of the Global Offering—The International Offering" in this Prospectus.

COMMISSIONS AND EXPENSES

The Underwriters will receive an underwriting commission (the "**Underwriting Commission**") of 3.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions and other fees. The Underwriters may receive a discretionary incentive fee (the "**Discretionary Fee**") of up to 1.5% of the aggregate Offer Price of all the Offer Shares to be issued by the Company under the Global Offering.

As of the date of this Prospectus, the allocation of a portion of the Underwriting Commission remains subject to the Company's discretion. Accordingly, the unallocated portion of the Underwriting Commission will be regarded as discretionary fees for the purpose of the Listing Rules. The ratio of the fixed fee and discretionary fee (as classified under and for the purpose of Rule 3A.34 of the Listing Rules) payable by the Company to all syndicate members is expected to be approximately 61:39 (assuming the Discretionary Fee will be paid in full).

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.

Each of the Joint Sponsors is entitled to a sponsor fee in the amount of US$500,000.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, 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 RMB77.2 million (approximately HK$84.4 million) in total (based on the Offer Price of HK$29.50 per Offer Share which is the mid-point of the Offer Price range).

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters has any shareholding interest in any member of our Group or any right or option (whether legally enforceable or not) to purchase or subscribe for or to nominate persons to purchase or subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The Hong Kong Underwriters and the International Underwriters (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 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 our 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 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. 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 Shares, in units of funds that may purchase the 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 relevant rules of the 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 Shares in most cases.

Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the 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 stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(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, derivative and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be converted from the Unlisted Shares and to be issued as mentioned in this Prospectus.

The Global Offering consists of (subject to reallocation):

(i) The Hong Kong Public Offering of initially 1,680,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed "The Hong Kong Public Offering" in this section; and

(ii) the International Offering of initially 15,120,000 Offer Shares (subject to reallocation as mentioned below) outside the United States in offshore transactions in reliance on Regulation S.

The Offer Shares will represent approximately 11.8% of the total issued share capital of our Company immediately after completion of the Global Offering.

Investors may either:

(i) apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering,

but may not do both.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The International Underwriters and the Joint Bookrunners are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraph headed "The Hong Kong Public Offering – Reallocation and Clawback" in this section.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Subject to reallocation as mentioned below, our Company is initially offering 1,680,000 H Shares at the Offer Price under the Hong Kong Public Offering for subscription by the public in Hong Kong, representing approximately 10.0% of the 16,800,000 H Shares initially available under the Global Offering. Subject to reallocation as mentioned below, the number of H Shares initially offered under the Hong Kong Public Offering will represent approximately 1.2% of our total issued share capital immediately after completion of the Global Offering.

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Offer Shares will not be allotted International Offer Shares in the International Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) and the Joint Sponsors may require any investor who has been offered H 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 Sponsors so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for the Hong Kong Offer Shares.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed "Conditions of the Global Offering" in this section.

Allocation

For allocation purposes only, the 1,680,000 H Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally (with any odd lots being allocated to pool A) into two pools: Pool A and Pool B, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy) of HK$5 million or below will fall into Pool A and all valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to

satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and only apply for Hong Kong Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. 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 Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels under the Hong Kong Public Offering are reached.

If the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 5,040,000 (in the case of (i)), 6,720,000 (in the case of (ii)), and 8,400,000 Shares (in the case of (iii)), respectively, representing approximately 30%, 40%, and 50% of the total number of Offer Shares initially available under the Global Offering, respectively.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

In addition to any mandatory reallocation required as described above, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators. The Overall Coordinators may, at their sole discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed (irrespective of the number of times); 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 Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, (i) the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation should not be more than 3,360,000 H Shares (representing twice the total number of the Offer Shares initially available under the Hong Kong Public Offering); and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e., HK$28.40 per Offer Share).

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 deem appropriate.

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 expected to be published on June 27, 2025.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Multiple or suspected multiple applications and any application for more than 50% of the 1,680,000 H Shares initially comprised in the Hong Kong Public Offering (that is 840,000 Hong Kong Offer Shares) will be rejected.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$30.60 per H Share in addition to any brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" in this section, is less than the maximum Offer Price of HK$30.60 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applications, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

References in this Prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

The number of International Offer Shares to be initially offered by us for subscription under the International Offering will consist of an initial offering of 15,120,000 Offer Shares, representing approximately 90% of the Offer Shares under the Global Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 10.7% of our total issued share capital immediately after completion of the Global Offering.

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the International Offer Shares to institutional and professional investors and other investors expected to have a sizable demand for the H Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Overall Coordinators and will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our 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 so as to allow it 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 and Clawback

The total number of International Offer Shares to be transferred pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed "– The Hong Kong Public Offering – Reallocation and Clawback" in this section and/or reallocation of all or any unsubscribed Hong Kong Offer Shares to the International Offering.

PRICING OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or before Thursday, June 26, 2025 and in no event later than 12:00 noon on Thursday, June 26, 2025.

The Offer Price will be not more than HK$30.60 per Offer Share and is currently expected not to be less than HK$28.40 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$30.60 for each Hong Kong Offer Share together with brokerage of 1%, a Stock Exchange trading fee of 0.00565%, a SFC transaction levy of 0.0027% and an AFRC transaction levy of 0.00015%.

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 indicative price range 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 H 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.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Joint Sponsors consider it appropriate, with our consent the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this Prospectus may be reduced 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, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of Wednesday, June 25, 2025, being the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the Stock Exchange's website at **www.hkexnews.hk**, and on our Company's website at **medtideinc.com** notice of such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this Prospectus and any other financial information which may change as a result of such reduction. Upon issue of such notice, the number of Offer Shares in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

As soon as practicable after such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental Prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental Prospectus.

In the absence of any such notice and supplemental Prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this 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 being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

The Hong Kong Offer Shares and the International Offer Shares may, in certain circumstances, be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Overall Coordinators and the Joint Sponsors.

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares and the results of applications in the Hong Kong Public Offering are expected to be announced on Friday, June 27, 2025 through a variety of channels described in the paragraph headed "How to Apply for Hong Kong Offer Shares – B. Publication of Results" in this Prospectus.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date.

We expect that our Company will, on or about Wednesday, June 25, 2025, enter into the International Underwriting Agreement relating to the International Offering. Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, *inter alia*:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be converted from the Unlisted Shares and to be issued pursuant to the Global Offering as mentioned in this Prospectus on the Main Board of the Stock Exchange and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

- the Offer Price having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;

- our Company having submitted to HKSCC all requisite documents to enable the Offer Shares to be admitted to trade on the Stock Exchange; and

- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (unless and to the extent such conditions are validly waived on or before such dates and times) 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 by 12:00 noon on Thursday, June 26, 2025 between us and the Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us on the websites of our Company at **medtideinc.com**, and the Stock Exchange at **www.hkexnews.hk**, respectively on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus. In the meantime, the application monies will be held in separate bank account(s) with our Company's receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Friday, June 27, 2025 but will only become valid evidence of title at 8:00 a.m. on the date of commencement of the dealings in our H Shares, which is expected to be on Monday, June 30, 2025, provided that (i) the Global Offering has become unconditional in all respects at or before that time and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares prior to the receipt of Share certificates or prior to the Share certificates bearing valid evidence of title do so entirely at their own risk.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, June 30, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence on Monday, June 30, 2025. The H Shares will be traded in board lots of 100 each and the stock code will be 3880.

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. We will not provide any printed copies of this Prospectus for use by the public.

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* ***medtideinc.com****. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.*

The contents of the electronic version of the 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.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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.

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;
- are outside the United States; and
- have a Hong Kong address *(for the* **White Form eIPO** *service only)*.

Unless permitted by the Listing Rules and the Guide for New Listing Applicants issued by the Stock Exchange, or any relevant waivers that have been granted by the Stock Exchange, 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 beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director, Supervisor or chief executive of our Company and/or any of its subsidiaries;
- are a close associates (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on June 20, 2025 and end at 12:00 noon on June 25, 2025 (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**	Applicant who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on June 20, 2025 to 11:30 a.m. on June 25, 2025. The latest time for completing full payment of application monies will be 12:00 noon on June 25, 2025.
HKSCC EIPO channel	Your **broker** or **custodian** who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system in accordance with your instruction	Applicant who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your **broker or custodian** for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** service provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this Prospectus and any supplement to it.

For those applying through 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 or Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- 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. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. 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 (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice. Such is subject to change, if the Company's Articles of Association and applicable company law prescribe for a lower cap.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through 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	:	100 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$30.60 per H 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 amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
100	3,090.85	2,000	61,817.20	10,000	309,086.01	200,000	6,181,720.20
200	6,181.73	2,500	77,271.50	20,000	618,172.02	250,000	7,727,150.26
300	9,272.58	3,000	92,725.81	30,000	927,258.04	300,000	9,272,580.30
400	12,363.44	3,500	108,180.10	40,000	1,236,344.05	350,000	10,818,010.36
500	15,454.29	4,000	123,634.40	50,000	1,545,430.06	400,000	12,363,440.40
600	18,545.17	4,500	139,088.71	60,000	1,854,516.05	450,000	13,908,870.46
700	21,636.02	5,000	154,543.00	70,000	2,163,602.06	500,000	15,454,300.50
800	24,726.88	6,000	185,451.61	80,000	2,472,688.08	600,000	18,545,160.60
900	27,817.74	7,000	216,360.20	90,000	2,781,774.09	700,000	21,636,020.70
1,000	30,908.61	8,000	247,268.81	100,000	3,090,860.10	840,000(1)	25,963,224.85
1,500	46,362.90	9,000	278,177.41	150,000	4,636,290.16		

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

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

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "—A. Application for Hong Kong Offer Shares—3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

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 and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the HKSCC EIPO channel) **agree** to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) **confirm** that you are aware of the restrictions on offers and sales of shares set out in this Prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) **confirm** that you have read this Prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) **agree** that the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global 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 any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or to 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 Friday, June 27, 2025 to 12:00 midnight on Thursday, July 3, 2025
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
Date/Time	The Stock Exchange's website at **www.hkexnews.hk** and our website at **medtideinc.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Friday, June 27, 2025
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 Monday, June 30, 2025 to Friday, July 4, 2025 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 Thursday, June 26, 2025

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, June 26, 2025 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 International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **medtideinc.com** by no later than 11:00 p.m. on Friday, June 27, 2025.

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 Banks 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 H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, June 30, 2025, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any 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 Hong Kong Offer Shares issued under your own name	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong **Time**: from 9:00 a.m. to 1:00 p.m. on Monday, June 30, 2025 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 H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	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

	White Form eIPO service	HKSCC EIPO channel
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 on Friday, June 27, 2025 at your own risk.	

Refund mechanism for surplus application monies paid by you

Date	Monday, June 30, 2025	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 any Severe Weather Signals (defined below) in force in Hong Kong in the morning on the Friday, June 27, 2025 rendering it impossible for the relevant 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 Share certificates in accordance with the contingency arrangements as agreed between them. You may see "—E. Severe Weather Arrangements" in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, June 25, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- an "extreme conditions" announcement issued after a super typhoon ("**Extreme Conditions**"),

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, June 25, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next Business Day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this Prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **medtideinc.com** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Friday, June 27, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Monday, June 30, 2025.

If a **Severe** Weather Signal is hoisted on Friday, June 27, 2025, the dispatch of physical H Share certificates of less than 500,000 Offer Shares issued under your own name will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, June 27, 2025 or on Monday, June 30, 2025).

If a **Severe** Weather Signal is hoisted on Monday, June 30, 2025, physical H Share certificates of 500,000 Offer Shares or more issued under your own name are available for collection in person at the H Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, June 30, 2025 or on Wednesday, July 2, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply 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 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 adviser 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 banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form e-Refund** payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;

- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this Prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MEDTIDE INC., MORGAN STANLEY ASIA LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Medtide Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-81, which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 (the "Relevant Periods"), and 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 2024, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the Prospectus of the Company dated June 20, 2025 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public

Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at December 31, 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
June 20, 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	350,840	336,774	442,226
Cost of sales		(149,771)	(156,603)	(192,452)
Gross profit		201,069	180,171	249,774
Other income and gains	*6*	22,725	23,144	59,057
Selling and marketing expenses		(22,245)	(28,071)	(42,494)
Administrative expenses		(43,475)	(43,771)	(73,406)
Research and development expenses		(21,020)	(23,144)	(28,748)
Impairment losses on financial assets, net		(1,125)	(600)	(916)
Other expenses	*9*	(27)	(156)	(285)
Finance costs	*8*	(1,281)	(224)	(1,141)
Profit before fair value losses on financial liabilities at fair value through profit or loss		134,621	107,349	161,841
Fair value losses on financial liabilities at fair value through profit or loss	*30/31*	(67,065)	(45,371)	(83,392)
PROFIT BEFORE TAX		67,556	61,978	78,449
Income tax expense	*12*	(13,576)	(13,073)	(19,276)
PROFIT FOR THE YEAR		53,980	48,905	59,173
Attributable to:				
Owners of the parent		53,980	48,905	59,173
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*14*			
Basic		RMB0.54	RMB0.39	RMB0.47
Diluted		RMB0.54	RMB0.39	RMB0.38

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	53,980	48,905	59,173
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	5,209	600	1,252
OTHER COMPREHENSIVE INCOME FOR THE YEAR	5,209	600	1,252
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	59,189	49,505	60,425
Attributable to:			
Owners of the parent	59,189	49,505	60,425

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property and equipment	*15*	258,153	296,418	300,484
Goodwill	*18*	95,406	95,406	95,406
Other intangible assets	*16*	47,014	41,090	36,016
Right-of-use assets	*17*	42,864	39,691	38,082
Financial assets at fair value through profit or loss	*19*	1,728	1,530	1,634
Time deposits	*24*	51,634	53,409	–
Prepayments, other receivables and other assets	*23*	7,157	9,330	7,183
Deferred tax assets	*29*	139	62	23
Total non-current assets		504,095	536,936	478,828
CURRENT ASSETS				
Inventories	*21*	79,305	73,005	84,777
Amounts due from related parties	*39*	2,955	1,659	–
Trade and notes receivables	*22*	19,800	36,418	57,720
Prepayments, other receivables and other assets	*23*	7,175	11,621	16,098
Financial assets at fair value through profit or loss	*19*	332,126	110,082	–
Restricted cash	*24*	430	435	439
Time deposits	*24*	10,000	–	143,032
Prepaid income tax		4,218	7,578	4,551
Cash and cash equivalents	*24*	279,048	531,012	387,183
Total current assets		735,057	771,810	693,800
CURRENT LIABILITIES				
Trade payables	*25*	12,711	6,731	23,469
Convertible bonds	*31*	321,000	321,000	–
Other payables and accruals	*26*	100,391	120,534	53,460
Interest-bearing bank borrowings	*27*	–	–	40,000
Contract liabilities	*28*	59,099	49,435	37,444
Lease liabilities	*17*	2,474	1,846	379
Amounts due to related parties	*39*	2,333	1,855	1,811
Deferred government grants	*32*	–	–	6,438
Income tax payable		7,808	118	9,042
Total current liabilities		505,816	501,519	172,043
NET CURRENT ASSETS		229,241	270,291	521,757
TOTAL ASSETS LESS CURRENT LIABILITIES		733,336	807,227	1,000,585

	Notes	As at December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Redemption liabilities on equity shares	*30*	517,667	542,038	639,805
Deferred government grants	*32*	–	–	29,072
Lease liabilities	*17*	1,815	–	764
Deferred tax liabilities	*29*	11,387	11,305	12,194
Total non-current liabilities		530,869	553,343	681,835
Net Assets		202,467	253,884	318,750
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*33*	121,673	–	–
Share capital	*33*	–	125,000	125,000
Reserves	*34*	80,794	128,884	193,750
Total equity		202,467	253,884	318,750

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent							
	Notes	**Paid-in capital**	**Capital reserve**	**Other reserve**	**Share-based payment reserve**	**Foreign currency translation reserve**	**Surplus reserve**	**Retained profits**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022		85,423	449,929	(471,602)	246	(5,198)	32,556	13,784	105,138
Profit for the year		–	–	–	–	–	–	53,980	53,980
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		–	–	–	–	5,209	–	–	5,209
Total comprehensive income for the year		–	–	–	–	5,209	–	53,980	59,189
Capital injection by shareholders	*33*	36,250	–	–	–	–	–	–	36,250
Share-based payment compensation	*35*	–	–	–	1,890	–	–	–	1,890
At December 31, 2022		121,673	449,929*	(471,602)*	2,136*	11*	32,556*	67,764*	202,467

		Attributable to owners of the parent								
	Notes	**Paid-in capital**	**Share capital**	**Capital reserve**	**Other reserve**	**Share-based payment reserve**	**Foreign currency translation reserve**	**Surplus reserve**	**Retained profits/ (accumulated losses)**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023		121,673	–	449,929	(471,602)	2,136	11	32,556	67,764	202,467
Profit for the year		–	–	–	–	–	–	–	48,905	48,905
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	–	600	–	–	600
Total comprehensive income for the year		–	–	–	–	–	600	–	48,905	49,505
Share-based payment compensation	*35*	–	–	–	–	1,912	–	–	–	1,912
Conversion into a joint stock company	*33*	(121,673)	125,000	269,050	–	–	–	(32,556)	(239,821)	–
At December 31, 2023		–	125,000	718,979*	(471,602)*	4,048*	611*	–*	(123,152)*	253,884

		Attributable to owners of the parent						
	Note	**Share capital**	**Capital reserve**	**Other reserve**	**Share-based payment reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024		125,000	718,979	(471,602)	4,048	611	(123,152)	253,884
Profit for the year		–	–	–	–	–	59,173	59,173
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations		–	–	–	–	1,252	–	1,252
Total comprehensive income for the year		–	–	–	–	1,252	59,173	60,425
Share-based payment compensation	*35*	–	–	–	4,441	–	–	4,441
At December 31, 2024		125,000	718,979*	(471,602)*	8,489*	1,863*	(63,979)*	318,750

* These reserve accounts represent total reserves of RMB80,794,000, RMB128,884,000 and RMB193,750,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		67,556	61,978	78,449
Adjustments for:				
Finance costs	*8*	1,281	224	1,141
Bank interest income	*6*	(914)	(6,920)	(13,560)
Depreciation of property and equipment	*15*	16,443	20,164	20,743
Depreciation of right-of-use assets	*17*	3,128	3,224	2,843
Amortization of other intangible assets	*16*	6,362	6,393	6,503
Provision for inventories		2,508	3,940	2,456
Share-based payment compensation	*35*	1,890	1,912	4,441
Impairment loss recognized on financial assets under the expected credit losses model, net		1,125	600	916
(Gain)/loss on disposal of property and equipment, net	*6/9*	(384)	156	228
Fair value change of financial assets at fair value through profit or loss	*6*	(7,920)	(7,585)	(3,086)
Loss on fair value changes of financial liabilities measured at fair value through profit or loss	*30/31*	67,065	45,371	83,392
Net exchange differences		(11,944)	(5,065)	(7,316)

	Notes	Year ended December 31,		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
(Increase)/decrease in inventories		(14,323)	2,360	(14,228)
Increase in trade and notes receivables		(5,306)	(17,150)	(22,203)
Increase in prepayments, other receivables and other assets		(3,662)	(4,625)	(553)
Increase in pledged bank deposits		(23)	(5)	–
Increase/(decrease) in trade payables		5,385	(5,980)	16,738
Increase/(decrease) in other payables and accruals		6,332	15,389	(65,467)
Increase in deferred government grants		–	–	35,510
Increase/(decrease) in contract liabilities		8,932	(9,664)	(11,991)
Decrease in amounts due from related parties-trade		122	1,296	–
Increase/(decrease) in amounts due to related parties-trade		2,195	(478)	(44)
Cash generated from operations		145,848	105,535	114,912
Income tax paid		(11,964)	(24,128)	(6,397)
Interest received		914	6,920	11,992
Net cash flows generated from operating activities		134,798	88,327	120,507

	Notes	Year ended December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment		(92,149)	(55,175)	(21,022)
Proceeds from disposal of property and equipment		4,377	18	121
Purchases of other intangible assets		(45)	(469)	(1,429)
Purchases of financial assets at fair value through profit or loss		(420,228)	(110,000)	(100,000)
Placement of time deposits		(50,000)	–	(142,434)
Withdrawal of time deposits		–	10,000	56,974
Withdrawal of financial assets at fair value through profit or loss		201,418	332,126	210,000
Receipt of the related party's repayment of loan		–	–	1,659
Proceeds from withdrawal of financial assets at fair value through profit or loss		5,695	5,926	1,284
Net cash flows (used in)/generated from investing activities		(350,932)	182,426	5,153

	Notes	Year ended December 31,		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection from shareholders		36,250	–	–
New bank borrowings		–	–	40,000
Repayment of bank borrowings		(87,632)	–	–
Repayment for principal of convertible bonds		–	–	(300,000)
Payment for interests of convertible bonds		–	(21,000)	(6,625)
Repayment of borrowings from related party		(5,312)	–	–
Repayment of lease liabilities		(2,477)	(2,726)	(2,014)
Payments of listing expense		–	–	(6,767)
Interest paid		(914)	–	(1,065)
Net cash flows used in financing activities		(60,085)	(23,726)	(276,471)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(276,219)	247,027	(150,811)
Cash and cash equivalents at beginning of year		538,264	279,048	531,012
Effect of foreign exchange rate changes, net		17,003	4,937	6,982
CASH AND CASH EQUIVALENTS AT END OF YEAR		279,048	531,012	387,183
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*24*	279,048	531,012	387,183
Cash and cash equivalents as stated in the statement of financial position		279,048	531,012	387,183
Cash and cash equivalents as stated in the statement of cash flows		279,048	531,012	387,183

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Other intangible assets		–	–	1,044
Time deposits	*24*	51,634	53,409	–
Financial assets at fair value through profit or loss	*19*	1,728	1,530	1,634
Prepayments, other receivables and other assets	*23*	–	–	1,619
Investments in subsidiaries	*20*	730,340	732,239	736,484
Total non-current assets		783,702	787,178	740,781
CURRENT ASSETS				
Prepayments, other receivables and other assets	*23*	52,108	104,212	56,606
Financial assets at fair value through profit or loss	*19*	292,557	100,000	–
Time deposits	*24*	10,000	–	55,189
Cash and cash equivalents	*24*	38,871	191,010	25,940
Total current assets		393,536	395,222	137,735
CURRENT LIABILITIES				
Convertible bonds	*31*	321,000	321,000	–
Other payables and accruals	*26*	22,899	43,332	36,596
Income tax payable		382	11	8
Total current liabilities		344,281	364,343	36,604
NET CURRENT ASSETS		49,255	30,879	101,131
TOTAL ASSETS LESS CURRENT LIABILITIES		832,957	818,057	841,912
NON-CURRENT LIABILITIES				
Redemption liabilities on equity shares	*30*	517,667	542,038	639,805
Total non-current liabilities		517,667	542,038	639,805
NET ASSETS		315,290	276,019	202,107

	Notes	As at December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Paid-in capital	*33*	121,673	–	–
Share capital	*33*	–	125,000	125,000
Reserves	*34*	193,617	151,019	77,107
Total equity		315,290	276,019	202,107

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Medtide Inc. (the "Company") was established in the People's Republic of China ("PRC") on June 11, 2020, as a limited liability company. On February 10, 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at Room 501-11, Building 6, Yinhai Kechuang Center, Xiasha Street, Qiantang District, Hangzhou City, Zhejiang Province, PRC.

During the Relevant Periods, the principal activity of the Company and its subsidiaries (together, the "Group") is to provide prominent contract research and development manufacturing organization (CRDMO) services that specializes in synthetic peptide production.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, particulars of the principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chinese Peptide Company (中肽生化有限公司) ("Chinese Peptide")*	(a)	PRC/Mainland China August 27, 2001	RMB57,859,591	100%	–	CRDMO Services
Hangzhou Yuanxi Pharmaceutical Technology Co., Ltd. (杭州源璽醫藥科技有限公司) ("Yuanxi Pharmaceutical")*	(b)	PRC/Mainland China December 25, 2020	RMB10,000,000	100%	–	CRDMO Services
CPC Scientific, Inc. ("CPC Scientific")	(b)	United States of America ("USA") April 27, 2005	USD10,000	–	100%	CRDMO Services

The above table lists the subsidiaries of the Company that the directors of the Company believe principally affect the results or assets of the Group. In the opinion of the directors of the Company, to give details of other subsidiaries would result in particulars of excessive length.

* The English names of these subsidiaries registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as these subsidiaries do not have official English names.

Notes:

(a) The statutory financial statements of Chinese Peptide for the years ended December 31, 2022 and 2023 prepared under PRC GAAP were audited by Hangzhou Junzheng Certified Public Accountants GP (杭州君正會計師事務所(普通合夥)). The statutory financial statements of Chinese Peptide for the year ended December 31, 2024 have not yet been issued as of the date of this report.

(b) No audited financial statements have been prepared for these companies since their incorporation/registration.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), and accounting principles generally accepted in Hong Kong. All IFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted on a consistent basis by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the foreign currency translation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IAS 21	*Lack of Exchangeability*[1]
Amendments to IAS 28 and IFRS 10	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[4]
Annual Improvements to IFRS Accounting Standards -Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[3]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]

1 Effective for annual periods beginning on or after 1 January 2025

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual periods beginning on or after 1 January 2026

4 Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers the application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and additional disclosure will be included in the financial statements. Except for IFRS 18, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are not expected to have a material impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and other non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

(a) A party is considered to be related to the Group if the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual depreciation rates used for this purpose are as follows:

Buildings	3.23%
Machinery and equipment	9.7% to 48.5%
Motor vehicles	6.06% to 9.7%
Computer and office equipment	9.7% to 48.5%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 3 to 10 years. The estimated useful life of 3 to 10 years for software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Knowhows

Knowhows with finite useful lives are measured initially at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 10 years. The estimated useful life of 10 years for knowhows are estimated based on the lifecycle of the products and current market competition.

Research and development costs

All research costs are charged to the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 to 5 years
Leasehold land	48 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a general matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, interest-bearing bank borrowings, lease liabilities, amounts due to related parties, convertible bonds and redemption liabilities on equity shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at FVTPL are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities. The Group has designated its redemption liabilities on equity shares and convertible bonds as financial liabilities at fair value through profit or loss, details of which are included in note 30 and 31 to the financial statements.

Financial liabilities at amortized cost

After initial recognition, trade payables, other payables, interest-bearing bank borrowings and lease liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis or on a weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group generate revenue primarily from peptide CRDMO services (Contract Research, Development, Manufacturing Organization) for biotechnology and pharmaceutical companies provided by fee model of fee-for-service ("FFS") or full-time-equivalent ("FTE").

(a) CRDMO services

The majority of revenue are generated through contracts under FFS model. The CRDMO services promised in the FFS contracts usually contain multiple deliverables, which are generally in the form of technical laboratory reports and/or manufactured peptide or oligonucleotides products at different scales, including laboratory scale, pilot scale and cGMP-compliant commercial scale. The Group allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration. Revenue is recognized at a point in time when the Group transfer control of the distinct services to its customer upon receipt or delivery of reports or products in accordance with applicable delivery terms in the FFS contracts.

For the research services provided on a FTE basis, the Group provides its customer with a project team of scientists and technical staff dedicated to the customer's studies for a specific period of time and charges the customer at a fixed rate per employee. For the services under FTE model, the Group has assessed that the customers simultaneously receive and consume benefit provided by the Group's performances. Therefore, the performance obligation of FTE services is satisfied over time and FTE revenue is recognized over the service period.

(b) Other revenue

Sales of diagnostics products

Prometheus Bio Inc. and UCP Biosciences Inc., subsidiaries of the Group, were primarily engaged in the sales of diagnostics products. Revenue is recognized at a point in time when these subsidiaries transfer control of the goods to its customer, generally upon delivery of such diagnostics products. Prometheus Bio Inc. and UCP Biosciences Inc. were disposed in March 2021.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration and rewards in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details are given in note 35 to the Historical Financial Information. The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The subsidiary in the US maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiaries in the US with respect to the retirement benefit plans is to make the specified contributions under the plans.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The provision for ECLs is sensitive to changes in estimates. The information about the ECLs and the Group's trade receivables is disclosed in note 22 to the Historical Financial Information.

Net realizable value of inventories

The Group assesses periodically if cost of inventories may not be recoverable based on an assessment of the net realizable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realizable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories, the net realizable value has been determined based on the contracted selling price to be recognized less all estimated remaining costs to completion and costs necessary to provide the service. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the year in which such estimate changes.

Useful lives of other intangible assets

The Group's management determines the useful lives and related amortization charges for its other intangible assets. This estimate is based on the historical experience of the actual useful lives of other intangible assets of similar nature and functions and may vary significantly as a result of policy changes and keen competitions from competitors, resulting in higher amortization charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortization charges where useful lives are less than previously estimated lives, or will write off or write down obsolete assets that have been abandoned or sold.

Recognition of deferred tax assets

Deferred tax assets are recognized in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Fair value of financial instruments

The redemption liabilities on equity shares issued by the Group are not traded in an active market and the respective fair values are determined by using valuation techniques, including discounted cash flow model.

The fair values of redemption liabilities on equity shares of the Group as at December 31, 2022, 2023 and 2024 were RMB517,667,000, RMB542,038,000 and RMB639,805,000 respectively. Further details are set out in note 30 to the Historical Financial Information. Such valuation is based on key parameters about risk-free rate, discounts for lack of marketability ("DLOM") and volatility, which are subject to uncertainty and might materially differ from the actual results.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the reporting periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at December 31, 2022, 2023 and 2024 were RMB95,406,000, RMB95,406,000 and RMB95,406,000 respectively and no impairment losses were recognized during the Relevant Periods. Details of the impairment testing are set out in note 18.

4. SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	101,431	74,124	94,576
United States of America	132,309	114,794	243,207
Japan	55,157	73,572	31,187
Europe	45,016	62,591	48,615
Others	16,927	11,693	24,641
Total	350,840	336,774	442,226

The revenue information above is based on the locations of the contract entities of our customers.

(b) Non-current assets

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	403,009	425,451	418,599
Overseas	48,287	57,041	58,326
Total	451,296	482,492	476,925

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from four customers, including sales to a group of entities which are known to be under common control with those customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods, is set out below:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Customer A	53,998	70,408	30,337
Customer B	36,359	39,864	24,672
Customer C	17,347	18,277	118,595

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,		
Types of goods and services	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
CRDMO Services	349,557	336,353	441,873
Others	1,283	421	353
Total	350,840	336,774	442,226

	Year ended December 31,		
Types of fee models	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
FFS	331,576	326,803	425,322
FTE	17,981	9,550	16,551
Others	1,283	421	353
Total	350,840	336,774	442,226

	Year ended December 31,		
Timing of revenue recognition	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Services and goods transferred at a point of time	332,461	326,803	425,322
Services transferred over time	18,379	9,971	16,904
Total	350,840	336,774	442,226

The following table shows the amounts of revenue recognized in the Relevant Periods that were included in the contract liabilities at the beginning of each of the respective periods:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:	40,238	44,726	40,541

(b) Performance obligations

Information about the Group's performance obligation is summarized and detailed in note 2.3 *Material Accounting Policies* above.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) are RMB173,028,000, RMB152,909,000 and RMB408,521,000 as at December 31, 2022, 2023 and 2024, respectively. The management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each of the Relevant Periods will be recognized within 2 years from the end of the respective periods.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Note	Year ended December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Other income				
Government grants				
– income*		1,018	3,461	31,477
– assets**		–	–	3,490
Bank interest income		914	6,920	13,560
Total other income		1,932	10,381	48,527
Gains				
Foreign exchange differences, net		11,944	5,065	7,312
Fair value gains on financial assets at FVTPL		7,920	7,585	3,086
Gains on disposal of items of property and equipment		384	–	–
Others		545	113	132
Total gains		20,793	12,763	10,530
Other income and gains		22,725	23,144	59,057

* This represents government grants related to income that is received as compensation for expenses or for the purpose of giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies relating to these grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred government grants under other payables and accruals in the statement of financial position.

** The Group had complied with all conditions attaching to the government grants related to assets which were recognized in profit or loss over the useful lives of the relevant assets.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold	58,257	51,923	69,769
Depreciation of property and equipment *(note 15)**	16,443	20,164	20,743
Depreciation of right-of-use assets *(note 17(1))**	3,128	3,224	2,843
Amortization of other intangible assets *(note 16)**	6,362	6,393	6,503
Provision for inventories	2,508	3,940	2,456
Government grants	(1,018)	(3,461)	(34,967)
Bank interest income	(914)	(6,920)	(13,560)
Foreign exchange differences, net	(11,944)	(5,065)	(7,312)
Impairment loss recognized on financial assets under ECL model, net of reversal	1,125	600	916
(Gains)/Losses on disposal of items of property and equipment	(384)	156	228
Fair value gains on financial assets at FVTPL	(7,920)	(7,585)	(3,086)
Lease payments not included in the measurement of lease liabilities *(note 17(3))*	1,493	1,567	1,515
Listing expense	–	–	25,019
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration):			
Wages and salaries	86,306	96,299	110,270
Pension scheme contributions	9,176	11,009	13,780
Staff welfare expense	4,668	5,136	4,800
Share-based payment compensation	1,889	1,909	2,311
Total employee benefits expenses	102,039	114,353	131,161

* Depreciation of property and equipment, depreciation of right-of-use assets and amortization of other intangible assets for each reporting period are set out in "Administrative expenses", "Selling and marketing expenses", "Research and development expenses" and "Cost of sales" in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interests on bank loans	914	–	1,065
Interest on lease liabilities *(note 17(3))*	367	224	76
Total	1,281	224	1,141

9. OTHER EXPENSES

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Losses on disposal of property and equipment	–	156	228
Others	27	–	57
Total	27	156	285

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,061	5,212	8,649
Performance related bonuses	850	1,500	7,053
Pension scheme contributions	145	144	270
Share-based payment compensation	1	3	2,130
Total	5,057	6,859	18,102

Restricted shares were granted to four supervisors of the Company during the years ended December 31, 2022 and 2023 in respect of their services to the Group. Two directors were appointed and granted restricted shares during the year ended December 31, 2024. The fair value of such restricted shares, which has been recognized in profit or loss immediately upon the date of grant or over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors', supervisors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

There were no independent non-executive directors for the Company during the years ended December 31, 2022 and 2023. In May 2024, Dr. Yu Cheung Hoi, Dr. Zhu Xun and Mr. Xia Xinsheng were appointed as independent non-executive directors of the Company. No fees were paid or payable to the independent non-executive directors during the Relevant Periods.

(b) Directors, supervisors and the chief executive

	Notes	**Salaries, allowances and benefits in kind**	**Performance related bonuses**	**Pension scheme contributions**	**Share-based payment compensation**	**Total remuneration**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2022						
Chief executive and director:						
Dr. Xu Qi	*(a)*	905	300	15	–	1,220
Directors:						
Dr. Li Xiang	*(b)*	1,808	300	107	–	2,215
Ms. Li Xiangli	*(c)*	708	144	17	–	869
Mr. Zhang Qiangming	*(d)*	–	–	–	–	–
Mr. Wu Yihui	*(e)*	–	–	–	–	–
Supervisor						
Mr. Li Congyan	*(f)*	640	106	6	1	753
		4,061	850	145	1	5,057
Year ended December 31, 2023						
Chief executive and director:						
Dr. Xu Qi	*(a)*	863	186	8	–	1,057
Directors:						
Dr. Li Xiang	*(b)*	1,664	186	94	–	1,944
Ms. Li Xiangli	*(c)*	730	109	17	–	856
Mr. Zhang Qiangming	*(d)*	–	–	–	–	–
Mr. Wu Yihui	*(e)*	–	–	–	–	–
Supervisors:						
Mr. Li Congyan	*(f)*	60	–	1	–	61
Ms. Yan Xiya	*(g)*	668	579	–	1	1,248
Mr. Wu Haigang	*(h)*	789	340	15	1	1,145
Ms. Fu Hongying	*(i)*	438	100	9	1	548
		5,212	1,500	144	3	6,859

	Notes	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment compensation	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Chief executive and director:						
Dr. Xu Qi	*(a)*	725	300	–	–	1,025
Directors:						
Dr. Li Xiang	*(b)*	1,516	558	74	–	2,148
Ms. Li Xiangli	*(c)*	715	218	18	–	951
Mr. Zhang Qiangming	*(d)*	–	–	–	–	–
Ms. Cheng Tao	*(j)*	2,309	4,249	74	730	7,362
Ms. Li Lingmei	*(k)*	923	210	43	673	1,849
Mr. Wu Yihui	*(e)*	–	–	–	–	–
Supervisors:						
Ms. Yan Xiya	*(g)*	925	644	–	465	2,034
Mr. Wu Haigang	*(h)*	1,051	762	43	194	2,050
Ms. Fu Hongying	*(i)*	485	112	18	68	683
		8,649	7,053	270	2,130	18,102

Notes:

(a) Dr. Xu Qi was appointed as chief executive officer of the Company since June 2020.

(b) Dr. Li Xiang was appointed as a director of the Company with effect from January 2022.

(c) Ms. Li Xiangli was appointed as a director of the Company with effect from January 2022.

(d) Mr. Zhang Qiangming was appointed as a director of the Company with effect from January 2022 and has resigned as the director of the Company with effect from May 2024.

(e) Mr. Wu Yihui was appointed as a director of the Company with effect from January 2022 and was re-designated as a non-executive Director in May 2024.

(f) Mr. Li Congyan was appointed as a supervisor of the Company with effect from January 2022 and has resigned in February 2023.

(g) Ms. Yan Xiya was appointed as a shareholders' representative supervisor with effect from February 2023.

(h) Mr. Wu Haigang was appointed as a shareholders' representative supervisor with effect from February 2023.

(i) Ms. Fu Hongying was appointed as an employee representative supervisor with effect from February 2023.

(j) Ms. Cheng Tao was appointed as a director of the Company with effect from May 2024 and the amounts listed above represent her total remuneration from January 2024 to December 2024.

(k) Ms. Li Lingmei was appointed as a director of the Company with effect from May 2024 and the amounts listed above represent her total remuneration from January 2024 to December 2024.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2022, 2023 and 2024 included one, one and three directors and supervisors of the Company, respectively, details of whose remuneration are set out in note 10 to the Historical Financial Information above. Details of the remuneration for the remaining highest paid employees who are neither directors, supervisors nor the chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	9,829	8,848	2,842
Performance related bonuses	955	736	2,786
Pension scheme contributions	95	80	149
Share-based payment compensation	761	701	–
Total	11,640	10,365	5,777

The number of the five highest paid individuals (excluding one director, one director and three directors and supervisors of the Company) whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
HKD1,500,000 to HKD2,000,000	–	1	–
HKD2,000,001 to HKD2,500,000	3	2	1
HKD3,000,001 to HKD3,500,000	–	–	1
HKD4,500,001 to HKD5,000,000	–	1	–
HKD5,000,001 to HKD5,500,000	1	–	–

During the Relevant Periods, restricted shares were granted to certain highest paid employees in respect of their services and contributions to the Group, further details of which are set out in note 35 to the Historical Financial Information. The fair value of such restricted shares, which has been recognized in profit or loss immediately upon the date of grant or over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above highest paid employees' remuneration disclosures.

12. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Company and PRC subsidiaries was 25% during the Relevant Periods.

Chinese Peptide was accredited as a "High and New Technology Enterprise" in 2021 and is entitled to the preferential CIT tax rate of 15% from 2021 to 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years. Chinese Peptide renewed its "High and New Technology Enterprise" qualification in 2023 and is entitled to the preferential tax rate of 15% from 2024 to 2026.

Hong Kong

The first HK$2,000,000 of assessable profits of the subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong income tax has been provided as the Group's Hong Kong entity had no estimated assessable profits during the Relevant Periods.

USA

The Company's subsidiaries incorporated and operated in USA were subject to the federal corporate income tax rate at 21% during the Relevant Periods. These subsidiaries were also subject to the state income tax in California at a rate of 8.84% during the Relevant Periods.

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current – Mainland China	11,944	13,072	18,342
Current – USA	666	6	6
Deferred *(note 29)*	966	(5)	928
Total	13,576	13,073	19,276

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	67,556	61,978	78,449
Tax at the applicable tax rate of 25%	16,889	15,495	19,612
Tax effect of income not subject to tax	(540)	(107)	(1,059)
Tax effect of expenses not deductible for tax purpose	12,281	6,594	26,072
Different tax rates enacted by local authority	(92)	(12)	(4)
Income tax at concessionary rate	(8,459)	(8,510)	(12,719)
Effect of concessions (research and development and other allowances)	(10,892)	(6,291)	(7,052)
Effect of unused tax losses and deductible temporary differences not recognized as deferred tax assets	4,389	7,313	5,145
Utilization of deductible temporary differences and tax losses not recognized as deferred tax assets	–	(1,409)	(10,719)
Tax charge at the Group's effective tax rate for the year	13,576	13,073	19,276

13. DIVIDEND

No dividend has been declared by the Company during the Relevant Periods.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profits for the year attributable to ordinary equity holders of the parent and the weighted average numbers of shares for the purpose of basic earnings per share for the Relevant Periods are calculated based on the assumption that the Company's conversion into joint stock limited company as set out in note 33 to the Historical Financial Information have been adjusted retrospectively.

The calculation of the diluted earnings per share amounts for the year ended December 31, 2024 is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect fair value loss/(gains) on convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	53,980	48,905	59,173
Add: Fair value loss/(gains) on convertible bonds	15,750	15,750	(10,781)
Profit attributable to ordinary equity holders of the parent before fair value loss/(gains) on convertible bonds	69,730*	64,655*	48,392

	Number of shares ('000)		
	Year ended December 31,		
	2022	**2023**	**2024**
Ordinary shares			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	100,477	125,000	125,000
Effect of dilution – weighted average number of ordinary shares:			
Convertible bonds	13,698	13,698	3,424
Total	114,175*	138,698*	128,424

* Because the diluted earnings per share amounts are increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented and were ignored in the calculation of diluted earnings per share for each of the years ended December 31, 2022 and 2023. Therefore, no adjustment has been made on the basic earnings per share amounts presented for each of the years ended December 31, 2022 and 2023 for the purpose of computation of diluted earnings per share.

15. PROPERTY AND EQUIPMENT

	Buildings	Machinery and equipment	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2022						
At January 1, 2022:						
Cost	134,426	101,135	5,226	5,553	16,541	262,881
Accumulated depreciation	(26,026)	(47,151)	(3,078)	(3,272)	–	(79,527)
Net carrying amount	108,400	53,984	2,148	2,281	16,541	183,354
At January 1, 2022, net of accumulated depreciation	108,400	53,984	2,148	2,281	16,541	183,354
Additions	154	19,469	870	–	74,720	95,213
Disposals	–	(3,901)	(29)	(63)	–	(3,993)
Transfer	3,036	2,558	160	–	(5,754)	–
Depreciation provided during the year	(6,566)	(8,503)	(798)	(576)	–	(16,443)
Exchange realignment	–	–	22	–	–	22
At December 31, 2022, net of accumulated depreciation	105,024	63,607	2,373	1,642	85,507	258,153
At December 31, 2022:						
Cost	137,614	113,615	6,149	5,008	85,507	347,893
Accumulated depreciation	(32,590)	(50,008)	(3,776)	(3,366)	–	(89,740)
Net carrying amount	105,024	63,607	2,373	1,642	85,507	258,153

	Buildings	Machinery and equipment	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023						
At January 1, 2023:						
Cost	137,614	113,615	6,149	5,008	85,507	347,893
Accumulated depreciation	(32,590)	(50,008)	(3,776)	(3,366)	–	(89,740)
Net carrying amount	105,024	63,607	2,373	1,642	85,507	258,153
At January 1, 2023, net of accumulated depreciation	105,024	63,607	2,373	1,642	85,507	258,153
Additions	4,395	19,355	1,304	–	32,816	57,870
Disposals	–	(159)	(15)	–	–	(174)
Transfer	1,484	3,463	181	–	(5,128)	–
Depreciation provided during the year	(8,862)	(9,909)	(891)	(502)	–	(20,164)
Exchange realignment	–	–	3	–	730	733
At December 31, 2023, net of accumulated depreciation	102,041	76,357	2,955	1,140	113,925	296,418
At December 31, 2023:						
Cost	143,494	134,183	7,463	5,007	113,925	404,072
Accumulated depreciation	(41,453)	(57,826)	(4,508)	(3,867)	–	(107,654)
Net carrying amount	102,041	76,357	2,955	1,140	113,925	296,418

	Buildings	Machinery and equipment	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024						
At January 1, 2024:						
Cost	143,494	134,183	7,463	5,007	113,925	404,072
Accumulated depreciation	(41,453)	(57,826)	(4,508)	(3,867)	–	(107,654)
Net carrying amount	102,041	76,357	2,955	1,140	113,925	296,418
At January 1, 2024, net of accumulated depreciation	102,041	76,357	2,955	1,140	113,925	296,418
Additions	98	18,260	188	–	5,836	24,382
Disposals	–	(209)	(138)	(2)	–	(349)
Transfer	5,090	1,523	–	–	(6,613)	–
Depreciation provided during the year	(7,669)	(11,788)	(817)	(469)	–	(20,743)
Exchange realignment	–	–	6	–	770	776
At December 31, 2024, net of accumulated depreciation	99,560	84,143	2,194	669	113,918	300,484
At December 31, 2024:						
Cost	148,557	150,070	7,243	4,942	113,918	424,730
Accumulated depreciation	(48,997)	(65,927)	(5,049)	(4,273)	–	(124,246)
Net carrying amount	99,560	84,143	2,194	669	113,918	300,484

16. OTHER INTANGIBLE ASSETS

	Knowhows	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2022			
At January 1, 2022:			
Cost	59,100	4,537	63,637
Accumulated amortization	(8,865)	(1,441)	(10,306)
Net carrying amount	50,235	3,096	53,331
Cost at January 1, 2022, net of accumulated amortization	50,235	3,096	53,331
Additions	–	45	45
Amortization provided during the year	(5,910)	(452)	(6,362)
At December 31, 2022	44,325	2,689	47,014
At December 31, 2022:			
Cost	59,100	4,582	63,682
Accumulated amortization	(14,775)	(1,893)	(16,668)
Net carrying amount	44,325	2,689	47,014

	Knowhows	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2023			
At January 1, 2023:			
Cost	59,100	4,582	63,682
Accumulated amortization	(14,775)	(1,893)	(16,668)
Net carrying amount	44,325	2,689	47,014
Cost at January 1, 2023, net of accumulated amortization	44,325	2,689	47,014
Additions	–	469	469
Amortization provided during the year	(5,910)	(483)	(6,393)
At December 31, 2023	38,415	2,675	41,090
At December 31, 2023:			
Cost	59,100	5,051	64,151
Accumulated amortization	(20,685)	(2,376)	(23,061)
Net carrying amount	38,415	2,675	41,090
December 31, 2024			
At January 1, 2024:			
Cost	59,100	5,051	64,151
Accumulated amortization	(20,685)	(2,376)	(23,061)
Net carrying amount	38,415	2,675	41,090
Cost at January 1, 2024, net of accumulated amortization	38,415	2,675	41,090
Additions	–	1,429	1,429
Amortization provided during the year	(5,910)	(593)	(6,503)
At December 31, 2024	32,505	3,511	36,016
At December 31, 2024:			
Cost	59,100	6,480	65,580
Accumulated amortization	(26,595)	(2,969)	(29,564)
Net carrying amount	32,505	3,511	36,016

17. LEASES

The Group as a lessee

During the Relevant Periods, the Group entered into certain long-term lease contracts for office premises and leasehold land. Office premises generally have lease terms between 3 and 5 years, and leasehold land generally have lease terms between 48 and 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(1) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2022	40,304	5,273	45,577
Depreciation charge	(1,105)	(2,023)	(3,128)
Exchange realignment	–	415	415
As at December 31, 2022	39,199	3,665	42,864
As at January 1, 2023	39,199	3,665	42,864
Depreciation charge	(1,105)	(2,119)	(3,224)
Exchange realignment	–	51	51
As at December 31, 2023	38,094	1,597	39,691
As at January 1, 2024	38,094	1,597	39,691
Additions	–	1,226	1,226
Depreciation charge	(1,105)	(1,738)	(2,843)
Exchange realignment	–	8	8
As at December 31, 2024	36,989	1,093	38,082

(2) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	5,926	4,289	1,846
Additions	–	–	1,226
Accretion of interest recognized during the year	367	224	76
Payments	(2,477)	(2,726)	(2,014)
Exchange adjustment	473	59	9
Carrying amount at the end of the year	4,289	1,846	1,143
Analyzed into:			
Current portion	2,474	1,846	379
Non-current portion	1,815	–	764

The maturity analysis of lease liabilities is disclosed in note 41 to the Historical Financial information.

(3) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	367	224	76
Depreciation of right-of-use assets	3,128	3,224	2,843
Expenses relating to short-term leases and low-value assets*	1,493	1,567	1,515
Total amount recognized in profit or loss	4,988	5,015	4,434

* Included in "Administrative expenses", "Selling and marketing expenses" and "Research and development expenses" in the consolidated statements of profit or loss.

The total cash outflow for leases is set out in note 36 to the Historical Financial Information.

18. GOODWILL

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost and net carrying amount at the beginning and end of year	95,406	95,406	95,406

The Group's goodwill acquired through business combination is related to the acquisition of Chinese Peptide and its subsidiaries (the "Chinese Peptide Group") in June 2020 and the goodwill has been allocated to Chinese Peptide Group cash-generating unit (the "Chinese Peptide Group CGU") for impairment testing at the end of each of the Relevant Periods.

The carrying amount of goodwill allocated to Chinese Peptide Group CGU is as follows:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Chinese Peptide Group CGU	95,406	95,406	95,406

Goodwill is tested by management for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at December 31, 2022, 2023 and 2024, the impairment test is performed for Chinese Peptide Group CGU by engaging an independent valuation firm to estimate its recoverable amount. The recoverable amount has been determined based on a value in use ("VIU") calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projected period are extrapolated using the estimated terminal growth rates. Management leveraged their experience in the industries and provided forecast based on past performance and their expectation of future business plans and external sources of information.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at December 31,		
	2022	**2023**	**2024**
Pre-tax discount rate	15.30%	15.31%	15.37%
Revenue (% compound growth rate)	14.97%	14.65%	13.16%
Terminal growth rate	2.30%	2.20%	2.00%

Pre-tax discount rate – The discount rate used is before tax and reflects specific risks relating to Chinese Peptide Group CGU.

Revenue growth rate – The basis used to determine the budgeted revenue is based on management's expectation and expectation of the future market.

Terminal growth rate – The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to Chinese Peptide Group CGU.

Management of the Company has performed sensitivity test by decreasing 1% of revenue growth rate, decreasing 1% of terminal growth rate or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which Chinese Peptide Group CGU recoverable amount above its carrying amount (headroom) are as below:

	As at December 31,		
	2022	2023	2024
Headroom	1,356,424	1,414,047	1,846,704
Impact by decreasing revenue growth rate	(61,374)	(63,779)	(81,731)
Impact by decreasing terminal growth rate	(101,673)	(105,370)	(127,085)
Impact by increasing pre-tax discount rate	(127,969)	(132,972)	(164,713)

No impairment loss in relation to goodwill is recognized for Chinese Peptide Group CGU during the Relevant Periods. Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the key parameters would not cause the carrying amount of the Chinese Peptide Group CGU to exceed its recoverable amount as at December 31, 2022, 2023 and 2024.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Structured deposits and wealth management products	332,126	110,082	–
Non-current			
Unlisted equity investment	1,728	1,530	1,634
Total	333,854	111,612	1,634

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Structured deposits and wealth management products	292,557	100,000	–
Non-current			
Unlisted equity investment	1,728	1,530	1,634
Total	294,285	101,530	1,634

As at December 31, 2022 and 2023, the financial assets at fair value through profit or loss in current portion represented floating return structured deposits and wealth management products issued by certain banks, with expected return rates ranging from 1.5% to 4.0% per annum.

The fair value of the unlisted equity investment which is not quoted in an active market is valued by using cost to investment and market approach method, which is mainly based on the price of recent investment and comparable company's market multiple.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	730,340	732,239	736,484

The investment cost in subsidiaries includes capital contribution by the Company to the subsidiaries and the share-based payments in respect of the restricted shares granted by the Company to certain employees of the subsidiaries for employees' service rendered to the subsidiaries under the Company's Share Incentive Plan as set out in note 35 to the Historical Financial Information. Since the Company grants restricted share awards directly to the employees of subsidiaries and settles them in its own equity, the share-based payment compensations related to those employees of subsidiaries are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

21. INVENTORIES

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw material	28,174	26,249	33,308
Work in progress	10,888	7,046	22,234
Finished goods	40,243	39,710	29,235
Total	79,305	73,005	84,777

22. TRADE AND NOTES RECEIVABLES

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	20,744	40,902	62,645
Notes receivable	3,008	–	–
Less: Allowance for credit losses	(3,952)	(4,484)	(4,925)
Net carrying amount	19,800	36,418	57,720

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally from one month to two months. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of allowance for expected credit losses, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	15,771	35,483	57,460
1 to 2 years	1,017	869	240
2 to 3 years	4	66	20
Total	16,792	36,418	57,720

The movements in the allowance for expected credit losses on trade receivables are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,793	3,952	4,484
Exchange realignment	–	–	8
Impairment losses, net of reversal	1,159	532	433
At the end of the year	3,952	4,484	4,925

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. To measure the expected credit losses, trade receivables have been assessed on individual basis for debtors in severe financial difficulty, or collectively basis by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Set out below is the information about the credit risk exposure on Group's trade receivables on December 31, 2022, 2023 and 2024:

	As at December 31, 2022		
	Expected credit loss rate	**Total gross carrying amount**	**Expected credit losses**
	%	*RMB'000*	*RMB'000*
Individually assessed:	100.0	2,201	2,201
Collectively assessed:			
Within 1 year	2.3	16,136	365
1 to 2 years	42.2	1,760	743
2 to 3 years	98.8	342	338
Over 3 years	100.0	305	305
Total		20,744	3,952

	As at December 31, 2023		
	Expected credit loss rate	**Total gross carrying amount**	**Expected credit losses**
	%	*RMB'000*	*RMB'000*
Individually assessed:	100.0	2,201	2,201
Collectively assessed:			
Within 1 year	2.1	36,237	754
1 to 2 years	35.9	1,356	487
2 to 3 years	89.4	623	557
Over 3 years	100.0	485	485
Total		40,902	4,484

	As at December 31, 2024		
	Expected credit loss rate	**Total gross carrying amount**	**Expected credit losses**
	%	*RMB'000*	*RMB'000*
Individually assessed:	100.0	2,201	2,201
Collectively assessed:			
Within 1 year	0.9	58,001	541
1 to 2 years	44.8	435	195
2 to 3 years	98.1	1,056	1,036
Over 3 years	100.0	952	952
Total		62,645	4,925

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Value-added tax recoverable	–	–	5,228
Prepayments for purchase of items of property and equipment	6,754	8,816	1,709
Deposits	403	514	246
Total	7,157	9,330	7,183
Current:			
Value-added tax recoverable	3,273	4,415	1,948
Prepayments	3,052	6,971	4,761
Advances to employees	504	334	618
Other receivables	391	14	–
Deferred listing expense	–	–	8,907
Impairment	(45)	(113)	(136)
Total	7,175	11,621	16,098

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Value-added tax recoverable	–	–	1,619
Current:			
Amounts due from subsidiaries (non-trade)	51,600	102,600	47,400
Value-added tax recoverable	210	1,193	–
Prepayments	285	407	299
Deferred listing expense	–	–	8,907
Advances to employees	13	12	–
Total	52,108	104,212	56,606

24. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group

Time deposits

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits – current*	10,000	–	143,032
Time deposits over one year*	51,634	53,409	–
Denominated in:			
RMB	61,634	53,409	55,189
USD	–	–	87,843
Total time deposits	61,634	53,409	143,032

* Time deposits are made for over three months depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

Cash and cash equivalents

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	279,478	531,447	387,622
Less: pledged deposits	(430)	(435)	(439)
Cash and cash equivalents	279,048	531,012	387,183
Denominated in:			
RMB	58,699	262,361	72,292
USD	220,283	268,371	314,018
HKD	–	211	65
EUR	66	69	808
Total cash and bank balances	279,048	531,012	387,183

The Company

Time deposits

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits – current	10,000	–	55,189
Time deposits over one year	51,634	53,409	–
Denominated in:			
RMB	61,634	53,409	55,189
Total time deposits	61,634	53,409	55,189

Cash and cash equivalents

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	38,871	191,010	25,940
Cash and cash equivalents	38,871	191,010	25,940
Denominated in:			
RMB	38,871	191,010	25,940
Total cash and bank balances	38,871	191,010	25,940

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	12,711	6,731	23,469

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	12,474	6,546	23,328
1 to 2 years	88	16	22
Over 2 years	149	169	119
Total	12,711	6,731	23,469

Trade payables are non-interest-bearing and are normally settled within one months.

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grants *(note a)*			
– income	21,875	42,875	–
– assets	39,000	39,000	–
Payroll and welfare payable	16,914	14,657	23,289
Payables for acquisition of property and equipment	13,201	17,955	14,208
Other payables *(note b)*	5,458	4,370	6,933
Other taxes payable	3,163	1,578	1,385
Accrued listing expenses	–	–	7,645
Others	780	99	–
Total	100,391	120,534	53,460

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grants *(note a)*			
– income	21,875	42,875	–
Amounts due to subsidiaries (non-trade)	–	–	28,815
Payroll and welfare payable	241	357	136
Accrued listing expenses	–	–	7,645
Others	783	100	–
Total	22,899	43,332	36,596

Notes:

(a) The Group has received certain government grants related to assets or income.

The grants related to income are in relation to compensation received for interest payments arising from convertible bonds as detailed in note 31 to the Historical Financial Information. RMB21,875,000 and RMB21,000,000 of such compensation had been received by the Group in 2021 and 2023 respectively and recorded as deferred government grant as certain conditions attaching to the compensation have yet to be achieved. Pursuant to the supplementary agreements entered with the governments in March 2024, the grants were subsequently recognized in profit or loss in 2024 with the achievement of the revised conditions attaching to the compensation.

The remaining government grants related to assets have been recorded as other payables and accruals as relevant conditions have yet to be met and were reclassified to deferred government grants as detailed in note 32 to the Historical Financial Information in June 2024 after such conditions are met.

(b) Other payables are unsecured, non-interest-bearing and repayable on demand.

27. INTEREST-BEARING BANK BORROWINGS

	As at December 31, 2024		
	Effective interest rate per annum	**Maturity**	
	%		*RMB'000*
Current			
Bank loans – unsecured	2.95	2025/1/24	40,000

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans repayable:			
Within one year	–	–	40,000

28. CONTRACT LIABILITIES

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	59,099	49,435	37,444

Contract liabilities represented the obligations to transfer peptide CRDMO services to customers from which the Group has received consideration. The change of contractual liabilities is mainly due to whether the Group delivers services at the end of the year.

29. DEFERRED TAX

The Group

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of financial assets	Provision	Deferred government grants	Loss available for offsetting against future taxable profits	Leases liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	431	578	5,850	113	1,245	8,217
Deferred tax credited/ (charged) to profit or loss during the year *(note 12)*	168	367	–	1,417	(344)	1,608
Gross deferred tax assets at December 31, 2022	**599**	**945**	**5,850**	**1,530**	**901**	**9,825**
At January 1, 2023	599	945	5,850	1,530	901	9,825
Deferred tax credited/ (charged) to profit or loss during the year *(note 12)*	23	591	–	(348)	(513)	(247)
Gross deferred tax assets at December 31, 2023	**622**	**1,536**	**5,850**	**1,182**	**388**	**9,578**
At January 1, 2024	622	1,536	5,850	1,182	388	9,578
Deferred tax credited/ (charged) to profit or loss during the year *(note 12)*	107	182	(523)	(1,079)	(148)	(1,461)
Gross deferred tax assets at December 31, 2024	**729**	**1,718**	**5,327**	**103**	**240**	**8,117**

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Fair value adjustments arising from acquisition for subsidiary	Right-of-use assets	Fair value change of financial assets at FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	2,228	15,050	1,107	113	18,498
Deferred tax (credited)/ charged to profit or loss during the year *(note 12)*	2,748	(1,275)	(337)	1,439	2,575
Gross deferred tax liabilities at December 31, 2022	**4,976**	**13,775**	**770**	**1,552**	**21,073**
At January 1, 2023	4,976	13,775	770	1,552	21,073
Deferred tax (credited)/ charged to profit or loss during the year *(note 12)*	1,607	(1,171)	(434)	(254)	(252)
Gross deferred tax liabilities at December 31, 2023	**6,583**	**12,604**	**336**	**1,298**	**20,821**
At January 1, 2024	6,583	12,604	336	1,298	20,821
Deferred tax (credited)/ charged to profit or loss during the year *(note 12)*	3,380	(2,600)	(106)	(1,207)	(533)
Gross deferred tax liabilities at December 31, 2024	**9,963**	**10,004**	**230**	**91**	**20,288**

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is a summary of the deferred tax balances for financial reporting purpose:

	As at December 31		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Reflected in the consolidated statements of financial position:			
– Net deferred tax assets	139	62	23
– Net deferred tax liabilities	11,387	11,305	12,194

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	21,875	42,875	–
Tax losses	20,542	23,156	43,755
Total	42,417	66,031	43,755

The Group has accumulated tax losses arising in Mainland China of RMB20,542,000, RMB23,156,000 and RMB43,755,000 as at the end of each of the Relevant Periods, respectively. The tax losses in the PRC can be carried forward for five years to offset future taxable profits. The tax losses of those companies in the PRC will expire in one to five years for offsetting against taxable profits.

Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

30. REDEMPTION LIABILITIES ON EQUITY SHARES

In December 2020, the Company issued one-year zero-coupon convertible bonds to a third-party investor, Hangzhou Heda New Pharmaceutical Venture Capital Partnership (Limited Partnership) ((“Hangzhou Heda Xinyiyao”) 杭州和達新醫藥創業投資合夥企業(有限合夥)), for an aggregate principal amount of RMB100,000,000. According to the convertible bond agreement, the conversion period will be within one year after the day the Company received the convertible bonds investment. If the Company complete any new equity financing of over RMB100,000,000 within the conversion period, the conversion price of the convertible bonds will be equal to 85% of the price per share in the latest new equity financing. If the Company fails to complete any new equity financing over RMB100,000,000 within the conversion period, the conversion price of the convertible bonds will be RMB1.0 per share.

In December 2021, the Company entered into an investment agreement with several independent investors (“Series A Shares”). According to the investment agreement, convertible bonds with a nominal values of RMB100,000,000 was converted to 5,228,758 paid-in capital with Series A Shares preference rights of the Company by Hangzhou Heda Xinyiyao. The Company also issued 16,444,444 paid-in capital with Series A Shares preference rights of the Company to certain independent investors including Lanxi Puhua Shuoyang Xiaxing Venture Investment Partnership (Limited Partnership) (蘭溪普華碩陽夏星創業投資合夥企業(有限合夥)) (“Puhua Xiaxing”), Hangzhou Haibang Boyuan Venture Capital, Partnership (Limited Partnership) (杭州海邦博源創業投資合夥企業(有限合夥)) (“Haibang Boyuan”), Shenzhen Minhe Investment Co., Ltd.* (深圳市民和投資有限公司), (“Shenzhen Minhe Investment”), Nanjing Outao Information Technology Co., Ltd.* (南京歐陶信息科技有限公司) (“Nanjing Outao”), Hainan Jingsheng Yiqi Private Equity Investment Fund Partnership (Limited Partnership) (海南景盛一期私募股權投資基金合夥企業(有限合夥)) (“Hainan Jingsheng Yiqi”) for a total cash consideration of RMB370,000,000 or RMB22.50 per share. Hangzhou Heda Xinyiyao, Puhua Xiaxing, Haibang Boyuan, Shenzhen Minhe Investment, Nanjing Outao and Hainan Jingsheng Yiqi were collectively referred as “Series A Investors”. The numbers of paid-in capital presented in this paragraph didn't consider the impact of conversion of paid-in capital to share capital due to conversion to a joint stock limited liability company as detailed in note 33.

The key terms of the Series A Shares are summarized as follows:

(a) Redemption features

The investment from the Series A Investors shall be redeemed by the Company and/or management shareholders, at the option of the investors if a qualified IPO or qualified mergers and acquisitions has not been consummated by December 31, 2026 and/or upon the occurrence of the change of controlling shareholder before completion of a qualified IPO without consent of the Series A Investors. The Series A Investors shall be entitled to receive the redemption amount equal to the original investment amount plus interest of 8% per annum calculated on a simple basis.

(b) Liquidation preferences

In the event of any liquidation, dissolution, winding up of the Company or deemed liquidation event, holders of the Series A Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series equity share at 8% interest rate per annum, excluding any dividends received form the Company.

(c) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the Series A Investors on a per paid-in capital basis, the Series A Investors have a right to require the management shareholders to transfer a portion of their company equity or require the Company to issue additional paid-in capital for nil consideration to the investors, so that the total amount paid by the Series A Investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Presentation and classification

The Group and the Company have designated the redemption liabilities on equity shares as whole as financial liabilities carried at FVTPL and presented as "redemption liabilities on equity shares" in the consolidated statements of financial position. The change in fair value of the redemption liabilities on equity shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the redemption liabilities on equity shares attributable to changes of own credit risk is not significant. The discounted cash flow was used to determine the fair value of convertible bonds.

Pursuant to the special rights termination agreement dated May 15, 2024 entered into among all current shareholders, all shareholders' special rights granted had be automatically terminated upon listing, except redemption features which had be automatically terminated upon the first submission of the listing application on May 31, 2024, provided that redemption rights shall be automatically and immediately reinstated and restored upon the earlier of (i) the date when the Company's listing application is rejected, returned, or voluntarily withdrawn by the Company; or (ii) the listing has not taken place by December 31, 2026. Considering the contingency relating to the reinstatement and restoration of the redemption features is outside the control of the Company, the redemption liabilities on equity shares is assessed to be continuously measured as financial liabilities carried at FVTPL after entering the termination agreement.

The movements in redemption liabilities on equity shares during the Relevant Periods are set out below:

The Group and the Company

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	471,602	517,667	542,038
Changes in fair value	46,065	24,371	97,767
At the end of the year	517,667	542,038	639,805

The Company used the discounted cash flow and back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model ("OPM model") to arrive the fair value of the redemption liabilities on equity shares as at the end of each reporting period with reference to valuation report carried out by an independent valuer.

In addition to the underlying share value of the Company determined by the discounted cash flow and back-solve method, other key valuation assumptions used in the OPM model to determine the fair value are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Risk-free interest rate	2.55%	2.29%	1.08%
DLOM	21.84%	16.58%	10.54%
Volatility	54.32%	56.91%	54.84%

The Group estimated the risk-free interest rate based on the yield of China government bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine DLOM. Volatility was estimated based on annualized standard deviation of daily shares price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

31. CONVERTIBLE BONDS

Three-year 7.0% RMB300 million convertible bonds

In December 2020, the Company issued three-year 7.0% convertible bonds in an aggregate principal amount of RMB300,000,000 to a third-party investor, Hangzhou Heda Kontide Venture Capital Partnership (Limited partnership) ("Heda Kontide", 杭州和達康肽創業投資合夥企業(有限合夥)). According to the convertible bond agreement, the conversion period will be 3 years starting from the day the Company received the convertible bonds investment and the conversion period would be subject to 2-year extension if the Company and Heda Kontide reach a consensus. If the subsidiary of the Company, Chinese Peptide, achieved net profits of more than one billion for the year ended December 31, 2023, the conversion price of the convertible bonds will be equal to the price per share in the latest new equity financing. If Chinese Peptide failed to achieve more than one billion net profits for the year ended December 31, 2023 and Heda Kontide will have right to request the Company to redeem all of the convertible bonds. The Company needs to repay interest of the convertible bonds at 7.0% to Heda Kontide not later than December 30 each year. On March 29, 2024, the Company had repaid the principal amount of RMB300,000,000 of convertible bonds to Heda Kontide in full. Pursuant to provisions of the supplemental agreement with the relevant government authority in March 2024, the interest rate of the convertible bonds was reduced to 5.5% due to the decrease in market financing cost in China and the Company fully repaid the outstanding interest amount in June 2024.

Presentation and classification

The Group and the Company have designated the three-year zero-coupon convertible bonds as whole as financial liabilities carried at FVTPL. The change in fair value of the convertible bonds at FVTPL is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the convertible bonds at FVTPL attributable to changes in credit risk is not significant. The discounted cash flow method was used to determine the fair value of convertible bonds.

The movements in convertible bonds during the Relevant Periods are set out below:

The Group and the Company

	300 million convertible bonds
	RMB'000
At January 1, 2022	300,000
Changes in fair value	21,000
At December 31, 2022	321,000
Changes in fair value	21,000
Interest paid	(21,000)
At December 31, 2023	321,000
Repayment of convertible bonds	(300,000)
Changes in fair value	(14,375)
Interest paid	(6,625)
At December 31, 2024	–

32. DEFERRED GOVERNMENT GRANTS

	As at December 31, 2024
	RMB'000
Government grants:	
Current	6,438
Non-current	29,072
Total	35,510

The movement in government grants during the Relevant Periods are as follows:

	As at December 31, 2024
	RMB'000
At beginning of January 1, 2024	–
Addition *(note)*	39,000
Amount recognised in profit or loss	(3,490)
At end of December 31, 2024	35,510

Note: The Group had complied with all conditions attaching to the government grants related to assets and the grants were reclassified to deferred government grants which will be recognized in profit or loss over the useful lives of the relevant assets.

33. PAID-IN CAPITAL/SHARE CAPITAL

Pursuant to the shareholders' resolutions dated October 30, 2022, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liabilities with 125,000,000 shares in a nominal value of RMB1.0 each. The net assets of the Company as of the conversion base date under PRC GAAP audited by an independent auditor were converted at a rate of 1:0.143, into 125,000,000 ordinary shares at RMB1.0 each and issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The remaining amount was converted into capital reserve. Upon the completion of registration with the Administration for Market Regulation of the Hangzhou (杭州市市場監督管理局) on February 10, 2023, the Company was converted into a joint stock company with limited liability, and renamed as Medtide Inc. (泰德醫藥(浙江)股份有限公司).

A summary of movements in the Company's paid-in capital/share capital is as follows:

	Number of Ordinary shares	Paid-in capital/Share capital
		RMB'000
As at January 1, 2022	N/A	85,423
Capital contribution by shareholders *(note a)*	N/A	36,250
As at December 31, 2022 and January 1, 2023	N/A	121,673
Issue of ordinary shares upon conversion into a joint stock company *(note b)*	125,000,000	3,327
As at December 31, 2023, January 1, 2024 and December 31, 2024	125,000,000	125,000

Notes:

(a) On November 2, 2021, the Company passed shareholders' resolutions and approved, among other things, the increase of the registered capital of the Company from RMB63,750,000 to RMB100,000,000, the capital contribution by shareholders related to the increase of the registered capital was completed in August 2022.

(b) On February 10, 2023, the Company was converted into a joint stock company with limited liability.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 35 to the Historical Financial Information.

(c) Surplus Reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserve until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

(d) Other reserve

The other reserve of the Group represents recognition of redemption liabilities on Series A equity shares as stipulated in note 30 of Historical Financial Information.

(e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

The Company

	Capital reserve	Share-based payment reserve	Other reserve	Surplus reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	449,929	246	(471,602)	32,556	244,443	255,572
Loss for the year	–	–	–	–	(63,845)	(63,845)
Total comprehensive loss for the year	–	–	–	–	(63,845)	(63,845)
Share-based payment compensation	–	1,890	–	–	–	1,890
At December 31, 2022 and January 1, 2023	449,929	2,136	(471,602)	32,556	180,598	193,617
Loss for the year	–	–	–	–	(41,183)	(41,183)
Total comprehensive loss for the year	–	–	–	–	(41,183)	(41,183)
Share-based payment compensation	–	1,912	–	–	–	1,912
Conversion into a joint stock company*	269,050	–	–	(32,556)	(239,821)	(3,327)
At December 31, 2023 and January 1, 2024	718,979	4,048	(471,602)	–	(100,406)	151,019
Loss for the year	–	–	–	–	(78,353)	(78,353)
Total comprehensive loss for the year	–	–	–	–	(78,353)	(78,353)
Share-based payment compensation	–	4,441	–	–	–	4,441
At December 31, 2024	718,979	8,489	(471,602)	–	(178,759)	77,107

* According to the audit report of the Company upon joint stock reform issued by an independent auditor as at August 31, 2022, the net assets of the Company were converted at a rate of 1:0.143, into 125,000,000 ordinary shares at RMB1.0 each and issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The remaining amount was converted into capital reserve.

35. SHARE INCENTIVE PLAN

The Pre-IPO Employee Incentive Scheme

In December 2020, the shareholders' meeting of the Company passed a resolution to adopt 2020 share incentive plan (the "Pre-IPO Employee Incentive Scheme") in order to attract and retain senior management and employees for the continual operation and development of the Group. The Pre-IPO Employee Incentive Scheme was further amended in November 2021 and November 2022. Pursuant to the adopted and amended Pre-IPO Employee Incentive Scheme, 10,273,500 shares of the Company were transferred to two employee incentive platforms owned by Ms. Li Xiangli, namely Hangzhou Yuanxi Enterprise Management Consulting Partnership (Limited Partnership) 杭州元熙企業管理諮詢合夥企業(有限合夥) and Hangzhou Xiyong Enterprise Management Consulting Partnership (Limited Partnership) 杭州熙永企業管理諮詢合夥企業(有限合夥), from Hangzhou Haiding Technology Co., Ltd. (杭州海鼎科技有限公司, Hangzhou Haiding"), a company wholly owned by Ms. Li Xiangli and her spouse at the price of RMB3.89 per share (equivalent to RMB4.00 paid-in capital before the conversion into a joint stock company).

Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date (the "Service Period") and (2) one year after successful listing of the Company (the "Lock-up Period"). In the first three years of the Service Period, 30%, 30% and 40% of the total number of share awards shall be released to eligible participants on the first, second and third anniversary date of grant date upon meeting certain individual and the Group's performance targets. The eligible participants would be repaid with original subscription price plus single digit interest if employment were terminated within the Service Period and would be entitled to portion of economic benefits of the released share awards if employment were terminated within the Lock-up Period. After taking into consideration of the best estimation of the listing date, the management determined the vesting period of the relevant restricted shares based on the above performance conditions and service requirements. As such, the share-based payment expenses are amortized during the vesting period.

Details of granted shares during the Relevant Periods are as follows:

Date of grant	Number of restricted shares	Subscription price per share	Fair value per share
March 17, 2022	102,735	RMB3.89	RMB8.77
May 9, 2022	92,462	RMB3.89	RMB10.20
July 14, 2022	236,291	RMB3.89	RMB10.20
January 1, 2024	820,000	RMB4.00	RMB12.83
January 1, 2024	1,280,000	RMB7.50	RMB12.83
March 1, 2024	150,000	RMB7.50	RMB12.83
Total	10,289,015		

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the subscription price. The fair value of the share award granted is measured as the market value at the grant date, which is determined by an external valuer using the discounted cash flows method or recent transaction method, taking into account the terms and conditions upon which the restricted shares were granted.

Set out below are details of the movements of the outstanding restricted shares granted under the Pre-IPO Employee Incentive Scheme throughout the Relevant Periods.

	As at December 31,		
	2022	2023	2024
At the beginning of the year	7,098,989	7,314,733	6,852,425
Granted during the year	431,488	–	2,250,000
Forfeited during the year	(215,744)	(380,120)	(164,376)
Vested during the year	–	(82,188)	–
At the end of the year	7,314,733	6,852,425	8,938,049

During the years ended December 31, 2022, 2023 and 2024, equity-settled Share-based payment compensation expenses of RMB1,890,000, RMB1,912,000 and RMB4,441,000 were charged to profit or loss, respectively.

The weighted average remaining contractual lives for the outstanding restricted shares granted were 3.43 years, 2.25 years and 2.01 years as at the end of each of the Relevant Periods, respectively.

All numbers of shares of the Company and subscription price per share in this note have been adjusted retrospectively as if the Company's conversion into joint stock limited company on February 10, 2023 as set out in note 33 to the Historical Financial Information had been completed at the beginning of the Relevant Period.

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease liabilities	Bank borrowings	Due to related parties-non trade	Convertible bonds	Accrued listing expenses included in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	5,926	87,818	5,312	300,000	–
Changes from financing cash flows:					
Payments	(2,477)	(88,546)	(5,312)	–	–
Exchange adjustment	473	(186)	–	–	–
Change in fair value	–	–	–	21,000	–
Accretion of interest recognized during the year	367	914	–	–	–
At December 31, 2022 and January 1, 2023	4,289	–	–	321,000	–
Changes from financing cash flows:					
Payments	(2,726)	–	–	(21,000)	–
Exchange adjustment	59	–	–	–	–
Change in fair value	–	–	–	21,000	–
Accretion of interest recognized during the year	224	–	–	–	–

	Lease liabilities	Bank borrowings	Due to related parties-non trade	Convertible bonds	Accrued listing expenses included in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	1,846	–	–	321,000	–
Changes from financing cash flows:					
Additions	–	40,000	–	–	–
Payments	(2,014)	(1,065)	–	(306,625)	(6,767)
Changes from operating cash flows:					
Payments	–	–	–	–	(19,514)
Exchange adjustment	9	–	–	–	–
Change in fair value	–	–	–	(14,375)	–
Accretion of interest recognized during the year	76	1,065	–	–	–
New lease	1,226	–	–	–	–
Increase in deferred listing expense	–	–	–	–	8,907
Listing expense	–	–	–	–	25,019
At December 31, 2024	1,143	40,000	–	–	7,645

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended December 31		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,493	1,567	1,515
Within financing activities	2,477	2,726	2,014
Total	3,970	4,293	3,529

37. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
Property and equipment	60,481	45,001	39,912

38. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Dr. Xu Qi	Director of the Company
Dr. Li Xiang	Director of the Company
UCP Biosciences Inc. ("UCP Biosciences")*	Controlled by Dr. Xu Qi
Prometheus Bio Inc. (康永生物技術有限公司, "Prometheus Bio")*	Controlled by Dr. Xu Qi
Hangzhou Haidongqing Technology Co., Ltd. (杭州海東清科技有限公司, "Hangzhou Haidongqing")	Controlled by Ms. Li Xiangli**
Zhejiang Handing Pharmaceutical Co., Ltd. (浙江漢鼎醫藥有限公司, "Zhejiang Handing")	Note
Hangzhou Jicheng Pharmaceutical Technology Co., Ltd. (杭州濟城醫藥科技有限公司, "Hangzhou Jicheng")	Controlled by Dr. Xu Qi
Health Angel International Ltd. (琪康國際有限公司, "Qikang International")	Controlled by Dr. Xu Qi

* Prometheus Bio and UCP Biosciences were disposed to an independent third party in March 2023 and therefore is no longer presented as a related party of the Group since then.

** Ms. Li Xiangli is a Director of the Company.

Note: Dr. Li Xiang held approximately 41.45% interest in aggregate in Zhejiang Handing as of December 31, 2023 and held approximately 64.25% interest in aggregate in Zhejiang Handing as of March 14, 2025. Dr. Li Xiang also served as a director and the chairman of Zhejiang Handing.

(b) Significant related party transactions

The Group had the following material related party transactions during the Relevant Periods.

		Year ended December 31		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Sales to				
Prometheus Bio		882	–	–
Zhejiang Handing		444	852	422
		1,326	852	422
Repayments of borrowings				
Hangzhou Jicheng	*(a)*	(5,312)	–	–
Repayments of loans to				
Dr. Xu Qi	*(b)*	–	–	1,659

The directors consider that rendering of services or sales of products to related parties were based on arm's length negotiation between the Group and related parties with reference to market rates.

Notes:

(a) The borrowings were unsecured, borne interest rates ranging from 3% to 4% per annum and were repayable on demand. The Group had fully repaid the borrowings in 2022.

(b) The loan was interest-free and repayable on demand, which were fully repaid by Dr. Xu Qi in 2024.

(c) Outstanding balances with related parties

			Year ended December 31,		
		Nature	2022	2023	2024
			RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties					
Other receivables					
UCP Biosciences	*(a)*	Trade	1,296	*	*
Dr. Xu Qi	*(b)*	Non-trade	1,659	1,659	–
			2,955	1,659	–
Amounts due to related parties					
Contract liabilities					
Prometheus Bio		Trade	52	*	*
Zhejiang Handing		Trade	2,098	1,855	1,811
Other payables					
Prometheus Bio	*(c)*	Non-trade	183	*	*
			2,333	1,855	1,811

The amounts due from related parties are unsecured, interest-free and repayable on demand.

Notes:

(a) The balance represented lease payments paid by the Group on behalf of UCP Biosciences.

(b) The balance represented advances to Dr. Xu Qi and had been repaid in full in May 2024.

(c) The balance represented reimbursable expenses paid by Prometheus Bio for the Group. The balance as at December 31, 2022 had been repaid in full in May 2023.

* The balance is not presented because UCP Biosciences and Prometheus Bio were no longer related parties since March 2023.

(d) Compensation of key management personnel of the Group:

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	9,504	11,248	16,260
Pension scheme contributions	159	167	305
Share-based payment compensation	761	703	2,274
Total compensation paid to key management personnel	10,424	12,118	18,839

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at fair value through profit or loss:			
Structured deposits and wealth management products	332,126	110,082	–
Unlisted equity investments	1,728	1,530	1,634
Total	333,854	111,612	1,634
Financial assets at amortized cost:			
Trade and notes receivables	19,800	36,418	57,720
Financial assets included in prepayments and other receivables	794	528	199
Cash and cash equivalents	279,048	531,012	387,183
Time deposits	61,634	53,409	143,032
Amounts due from related parties	2,955	1,659	–
Restricted cash	430	435	439
Total	364,661	623,461	588,573
Financial liabilities			
Financial liabilities at fair value through profit or loss:			
Convertible bonds	321,000	321,000	–
Redemption liabilities on equity shares	517,667	542,038	639,805
Total	838,667	863,038	639,805
Financial liabilities at amortized cost:			
Trade payables	12,711	6,731	23,469
Financial liabilities included in other payables	80,314	104,299	28,786
Lease liabilities	4,289	1,846	1,143
Amounts due to related parties	2,333	1,855	1,811
Interest-bearing bank borrowings	–	–	40,000
Total	99,647	114,731	95,209

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, time deposits, pledged bank deposits, trade and notes receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade payables, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the non-current time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, structured deposits and wealth management products provided by banks in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the redemption liabilities on equity shares measured at FVTPL are determined using the option pricing model. Further details are set out in note 30 to the Historical Financial Information.

The discounted cash flow method was used to determine the fair value of convertible bonds. Further details are set out in note 31 to the Historical Financial Information.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at December 31, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Structured deposits and wealth management products	–	332,126	–	332,126
Unlisted equity investments	–	–	1,728	1,728
Financial liabilities				
Convertible bonds	–	321,000	–	321,000
Redemption liabilities on equity shares	–	–	517,667	517,667

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Structured deposits and wealth management products	–	110,082	–	110,082
Unlisted equity investments	–	–	1,530	1,530
Financial liabilities				
Convertible bonds	–	321,000	–	321,000
Redemption liabilities on equity shares	–	–	542,038	542,038

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Unlisted equity investments	–	–	1,634	1,634
Financial liabilities				
Redemption liabilities on equity shares	–	–	639,805	639,805

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	DLOM	20.9%	5% increase/ decrease in DLOM would result in decrease/increase in fair value by 6.41%
Redemption liabilities on equity shares	Discounted cash flow method	Risk-free interest rate	2.55%	1% increase/ decrease in risk-free interest rate would result in decrease/increase in fair value by 1.49%/1.97%
		Volatility	54.32%	1% increase/ decrease in volatility would result in decrease/increase in fair value by 0.22%/0.21%
		DLOM	21.84%	1% increase/ decrease in DLOM would result in decrease/increase in fair value by 1.18%

2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	DLOM	21.1%	5% increase/ decrease in DLOM would result in decrease/increase in fair value by 6.44%
		Enterprise value/Sale multiple	7.3	10% increase/ decrease in the ratio of EV/Sale would result in increase/decrease in fair value by 10.78%/10.52%

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Redemption liabilities on equity shares	Discounted cash flow method	Risk-free interest rate	2.29%	1% increase/ decrease in risk-free interest rate would result in decrease/ increase in fair value by 1.04%/1.26%
		Volatility	56.91%	1% increase/ decrease in volatility would result in decrease/ increase in fair value by 0.15%/0.14%
		DLOM	16.58%	1% increase/ decrease in DLOM would result in decrease/ increase in fair value by 1.13%

2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	DLOM	23.7%	5% increase/ decrease in DLOM would result in decrease/increase in fair value by 6.65%
		Enterprise value/Sale multiple	6.4	10% increase/ decrease in the ratio of EV/Sale would result in increase/decrease in fair value by 9.33%/8.96%
Redemption liabilities on equity shares	Discounted cash flow method	Risk-free interest rate	1.08%	1% increase/ decrease in risk-free interest rate would result in decrease/increase in fair value by 0.66%/0.79%

Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
	Volatility	54.84%	1% increase/ decrease in volatility would result in increase/decrease in fair value by 0.01%/0.02%
	DLOM	10.54%	1% increase/ decrease in DLOM would result in decrease/increase in fair value by 1.08%

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits, financial assets at fair value through profit or loss and redemption liabilities on equity shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of the directors reviews and agrees policies for managing each of these risks and they are summarized below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from financing activities by subsidiaries in currencies other than the subsidiaries' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD, HKD and EUR exchange rates, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
December 31, 2022			
If RMB weakens against USD	5	9,551	9,551
If RMB strengthens against USD	(5)	(9,551)	(9,551)
December 31, 2023			
If RMB weakens against USD	5	14,639	14,639
If RMB strengthens against USD	(5)	(14,639)	(14,639)
If RMB weakens against HKD	5	11	11
If RMB strengthens against HKD	(5)	(11)	(11)

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
December 31, 2024			
If RMB weakens against USD	5	20,683	20,683
If RMB strengthens against USD	(5)	(20,683)	(20,683)
If RMB weakens against HKD	5	40	40
If RMB strengthens against HKD	(5)	(40)	(40)
If RMB weakens against EUR	5	3	3
If RMB strengthens against EUR	(5)	(3)	(3)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group also expects that there is no significant credit risk associated with pledged bank deposits, time deposits and cash at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. The management of the Group does not expect that there will be any significant losses from non-performance by these counterparties.

Maximum exposure and year-end staging as at December 31, 2022, 2023 and 2024

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on aging information unless other information is available without undue cost or effort, and staging classification as at December 31, 2022, 2023 and 2024. The amounts presented are gross carrying amounts for financial assets.

At December 31, 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	20,744	20,744
Notes receivables	3,008	–	–	–	3,008
Financial assets included in prepayments, other receivables and other assets	794	–	–	–	794
Amounts due from related parities	2,955	–	–	–	2,955
Time deposits	61,634	–	–	–	61,634
Pledged bank deposits	430	–	–	–	430
Cash and cash equivalents	279,048	–	–	–	279,048
Total	347,869	–	–	20,744	368,613

At December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	40,902	40,902
Financial assets included in prepayments, other receivables and other assets	528	–	–	–	528
Amounts due from related parities	1,659	–	–	–	1,659
Time deposits	53,409	–	–	–	53,409
Pledged bank deposits	435	–	–	–	435
Cash and cash equivalents	531,012	–	–	–	531,012
Total	587,043	–	–	40,902	627,945

At December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	62,645	62,645
Financial assets included in prepayments, other receivables and other assets	246	–	–	–	246
Time deposits	143,032	–	–	–	143,032
Pledged bank deposits	439	–	–	–	439
Cash and cash equivalents	387,183	–	–	–	387,183
Total	530,900	–	–	62,645	593,545

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the general matrix is disclosed in note 22 to the Historical Financial Information.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and lease liabilities. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

As at December 31, 2022	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Redemption liabilities on equity shares	–	–	658,000	–	658,000
Convertible bonds	–	342,000	–	–	342,000
Lease liabilities	–	1,280	2,805	–	4,085
Trade payables	237	12,474	–	–	12,711
Amounts due to related parities	2,333	–	–	–	2,333
Financial liabilities included in other payables and accruals	80,314	–	–	–	80,314
Total	82,884	355,754	660,805	–	1,099,443

As at December 31, 2023	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Redemption liabilities on equity shares	–	–	658,000	–	658,000
Convertible bonds	–	321,000	–	–	321,000
Lease liabilities	–	1,366	–	–	1,366
Trade payables	185	6,546	–	–	6,731
Amounts due to related parities	1,855	–	–	–	1,855
Financial liabilities included in other payables and accruals	104,299	–	–	–	104,299
Total	106,339	328,912	658,000	–	1,093,251

As at December 31, 2024	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Redemption liabilities on equity shares	–	–	658,000	–	658,000
Lease liabilities	–	447	813	–	1,260
Trade payables	141	23,328	–	–	23,469
Amounts due to related parities	1,811	–	–	–	1,811
Financial liabilities included in other payables and accruals	28,786	–	–	–	28,786
Interest-bearing bank borrowings	–	40,111	–	–	40,111
Total	30,738	63,886	658,813	–	753,437

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	1,239,152	1,308,746	1,172,628
Total liabilities	1,036,685	1,054,862	853,878
Asset-liability ratio (note)	84%	81%	73%

Note: Asset-liability ratio is calculated by dividing total liabilities by total asset.

42. EVENTS AFTER THE RELEVANT PERIODS

No significant events occurred after December 31, 2024.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of the subsidiaries in respect of any period subsequent to December 31, 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as at December 31, 2024 as if the Global Offering had taken place on December 31, 2024.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the parent had the Global Offering been completed as of December 31, 2024 or as at any future date.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at December 31, 2024	**Estimated net Proceeds from the Global Offering**	**Estimated impact to the consolidated net tangible assets upon the derecognition of redemption liabilities on equity shares upon Listing**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at December 31, 2024**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as at December 31, 2024**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000 (Note 3)*	*RMB'000*	*RMB (Note 4)*	*HK$ (Note 5)*
Based on an Offer Price of HK$28.40 per Offer Share	187,328	385,053	639,805	1,212,186	8.55	9.35
Based on an Offer Price of HK$30.60 per Offer Share	187,328	417,162	639,805	1,244,295	8.78	9.59

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as at December 31, 2024 was equal to the consolidated net assets attributable to owners of the parent as at December 31, 2024 of RMB318,750,000 after deducting goodwill of RMB95,406,000 and other intangible assets of RMB36,016,000 set out in the Accountants' Report in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated low-end and high-end offer prices of HK$28.40 and HK$30.60 per Share after deduction of the underwriting fees and other related expenses payable by the Company excluding the listing expenses that had been charged to profit and loss during the Track Record Period.

3. Upon the Listing and the completion of the Global Offering, all redemption liabilities on equity shares will be automatically derecognized. The redemption liabilities on equity shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by RMB639,805,000, being the carrying amount of the redemption liabilities on equity shares as at December 31, 2024.

4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share is arrived at after adjustments referred to in the preceding notes 2, 3 and on the basis that 141,800,000 Shares were in issue assuming the Global Offering has been completed on December 31, 2024.

5. For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.0934.

6. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or open transactions of the Group entered into subsequent to December 31, 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

EY安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the Directors of Medtide Inc.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Medtide Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at December 31, 2024, and related notes as set out on pages II-1 to II-2 of the Prospectus dated June 20, 2025 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at December 31, 2024 as if the transaction had taken place at December 31, 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended December 31, 2024, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
June 20, 2025

This Appendix contains the key provisions of the Articles of Association adopted by the Company on May 23, 2024, which will take effect on the date of listing of H shares on the Hong Kong Stock Exchange. This appendix is intended to provide potential investors with an overview of the Company's Articles of Association and may not contain all information that is material to the investors.

DIRECTORS AND BOARD

Power to Allot and Issue Shares

There is no provision in the Articles of Association to empower the Board to allot or issue shares. The Board shall prepare a proposal for the allotment or issue of shares which shall be subject to the approval of the Shareholders by a special resolution at the general meeting. Any such allotment or issue shall be in accordance with the procedures prescribed by applicable laws, administrative regulations and the regulatory requirements of the territory in which the Shares are listed.

Power to Dispose of the Assets of the Company or any Subsidiary

The Board shall determine the authority over the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted wealth management, connected transactions, external donations, etc., and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the general meeting for approval.

Termination Indemnity or Payment

There is no provision for termination compensation or payment in the Articles of Association.

Provision of Loan Guarantees to Directors, Supervisors or Other Management Personnel

(1) The following external guarantee provided by the Company shall be examined and approved by the general meeting (except for the guarantee provided by the Company in the annual budget for the Company's controlling subsidiary);

(2) Any guarantee provided after the total external guarantee of the Company and the Company's controlling subsidiaries exceeds 50% of the latest audited net assets;

(3) Any guarantee provided after the total external guarantee of the Company exceeds 30% of the latest audited total assets;

(4) A guarantee that the amount guaranteed by the Company within one year exceeds 30% of the Company's latest audited total assets;

(5) The guarantee provided for the guarantee object with the asset-liability ratio exceeding 70%;

(6) A guarantee in which the amount of a single guarantee exceeds 10% of the latest audited net assets;

(7) Guarantees provided to shareholders, actual controllers and their related parties;

(8) Other guarantees as required by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association to be decided by the general meeting.

The aforesaid external guarantee that should be approved by the general meeting must be examined and approved by the Board before being submitted to the general meeting for approval.

For the guarantee within the scope of authority of the Board, it shall be approved by more than half of all Directors, and shall also be approved by more than two-thirds of the Directors present at the Board meeting; The guarantee in item (2) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting. When the general meeting deliberates the guarantee proposal for shareholders, actual controllers and their related parties, such shareholder or the shareholder controlled by such actual controllers shall not participate in such voting, and such voting shall be passed by more than half of the voting rights held by other shareholders present at the general meeting.

Financial Assistance for the Purchase of Shares of the Company or any of its Subsidiaries

The Company or the Company's subsidiaries (including the Company's affiliates) do not provide any assistance to those who purchase or intend to purchase the Company's shares in the form of gift, advance, guarantee, compensation or loan.

Disclosure of Interests in Contracts with the Company or any of its Subsidiaries

The Directors shall not enter into contracts or conduct transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting.

Salary

The remuneration and payment method of the members of the Board and the Board of Supervisors shall be passed by ordinary resolution of the general meeting.

Appointment, Resignation and Removal

A Director is elected or replaced by a general meeting and may be removed from office by the general meeting before the expiry of his/her term of office. The term of office of the Directors is three years and they may be re-elected upon expiry of the term.

The term of office of a Director commences on the date of taking office and ends on the expiry of the term of office of the current Board. If a Director is not re-elected in a timely manner upon expiry of his/her term of office, the former Director shall still perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association before the re-elected director takes office.

Directors may be concurrently held by the general manager or other senior management personnel, but the total number of directors concurrently holding the positions of general manager or other senior management personnel and directors held by staff representatives shall not exceed one-half of the total number of Directors of the Company.

The Board is composed of nine Directors with one chairman. At all times, the Board shall have more than one-third of the independent directors and the total number of independent directors shall not be less than three, at least one of whom shall have appropriate professional qualifications as required by regulatory requirements, or appropriate accounting or related financial management expertise. The term of office of an independent director shall not exceed nine years.

The chairman of the Board is elected by the Board by a majority of all the directors. The term of office of the chairman is three years and he may be re-elected.

A Director of the Company is a natural person and cannot serve as a Director of the Company under any of the following circumstances:

(1) no capacity for civil conduct or limited capacity for civil conduct;

(2) has been sentenced to a penalty for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy, and the period of execution has not exceeded five years, or he has been deprived of political rights for a crime, and the period of execution has not exceeded five years;

(3) has served as a director, factory director or general manager of a company or enterprise in bankruptcy liquidation and is personally responsible for the bankruptcy of the company or enterprise, not more than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;

(4) has served as the legal representative of a company or enterprise whose business license has been revoked or ordered to close down due to violation of the law and bears personal responsibility, not more than three years have elapsed since the date on which the business license of the company or enterprise has been revoked;

(5) has a relatively large sum of debt which was not paid at maturity;

(6) has been banned from the securities market by the CSRC for a period not exceeding the prescribed time limit;

(7) other circumstances as prescribed by laws, administrative regulations, departmental rules, other regulatory documents, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Where a director is elected or appointed in violation of the above provisions, such election, appointment or engagement shall be invalid. If any of the above-mentioned circumstances occurs during the term of office of a Director, the Company shall remove him from office.

Borrowing Power

The Board has the power to formulate the Company's plans for the issue of bonds or other securities and listing. Such bond issue must be approved by the shareholders in general meeting.

Duties

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following faithful obligations to the Company:

(1) not to take advantage of his power to accept bribes or other illegal income, nor to occupy the company's property;

(2) not to misappropriate the Company's funds;

(3) the assets or funds of the Company shall not be deposited in an account opened in its own name or in the name of any other individual;

(4) shall not, in violation of the provisions of the Articles of Association, without the consent of the general meeting or the Board, lend the Company's funds to others or provide guarantees for others with the Company's property;

(5) not to enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of the general meeting;

(6) without the consent of the general meeting, it is not allowed to take advantage of his position to seek business opportunities that should belong to the Company for himself or others, and to conduct business of the same kind as the Company for himself or for others;

(7) not to accept commissions for transactions between others and the Company as one's own;

(8) not to disclose the Company's confidential information without authorization;

(9) not to use its connected relationship to harm the interests of the Company;

(10) other faithful obligations as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The income earned by the Directors in violation of the above provisions shall be owned by the Company; If losses are caused to the Company, the Directors shall be liable for compensation.

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following diligent obligations to the Company:

(1) to exercise the rights conferred by the Company with care, seriousness and diligence to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the commercial activities do not exceed the business scope stipulated in the business license;

(2) to treat all shareholders equally;

(3) to keep abreast of the business operation and management of the Company;

(4) to sign written confirmation for the Company's periodic report and ensure that the information disclosed by the Company is true, accurate and complete;

(5) to truthfully provide the Board of Supervisors with relevant information and materials, and shall not hinder the Board of Supervisors or supervisors from exercising their functions and powers;

(6) to perform other due diligence obligations under laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

When the resignation of a Director becomes effective or his term of office expires, all hand-over process shall be completed to the Board. His obligation of loyalty to the Company and the shareholders shall not be released automatically after the expiration of his term of office and shall remain in force for a reasonable period as stipulated in the Articles of Association. It shall remain in force for five years after the resignation of a Director becomes effective or the term of office expires, but its obligation to keep the company's trade secret confidential shall not be limited to five years until such secret becomes public information.

No Director may act on behalf of the Company or the Board in his own name without the provisions of the Articles of Association or the lawful authority of the Board. When a Director acts in his/her own name, he/she should declare his/her position and identity in advance if a third party would reasonably believe that he/she is acting on behalf of the Company or the Board.

Where the Directors or senior management personnel violate laws, administrative regulations or the Articles of Association when performing their duties and cause losses to the Company, the shareholders holding more than 1% of the Company's shares individually or collectively for more than 180 consecutive days shall have the right to request the Board of Supervisors to file a lawsuit in a people's court in writing; If the Board of Supervisors violates laws, administrative regulations or the Articles of Association when performing its duties and causes losses to the Company, the shareholders may request the Board in writing to bring a lawsuit to the people's court.

If the Board of Supervisors and the Board refuse to file a lawsuit after receiving the written request of the shareholders as specified in the preceding paragraph, or fail to file a lawsuit within 30 days from the date of receiving the request, or the situation is urgent and failure to file a lawsuit immediately will cause irreparable damage to the interests of the Company, the shareholders as specified in the preceding paragraph have the right to file a lawsuit directly in their own name to the people's court for the benefit of the Company.

Where any other person infringes upon the lawful rights and interests of the Company and causes losses to the Company, the shareholders as prescribed above may bring a lawsuit to the people's court in accordance with the provisions of the preceding two paragraphs.

Where the Directors, supervisors and senior management personnel of a wholly-owned subsidiary of the Company have any of the aforesaid circumstances, or any other person infringes upon the lawful rights and interests of the wholly-owned subsidiary of the Company and causes losses, the shareholders of the Company who individually or collectively hold more than 1% of the Company's shares for more than 180 consecutive days may, in accordance with the aforesaid provisions, request in writing the Board of Supervisors and the Board of the wholly-owned subsidiary to bring a lawsuit to the people's court or bring a lawsuit directly to the people's court in their own.

If the Directors or senior management personnel violate laws, administrative regulations or the provisions of the Articles of Association and damage the interests of the shareholders, the shareholders may bring a lawsuit to the people's court.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(1) where the Company Law or relevant laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed are amended, resulting in the conflict between provisions stipulated in the Articles of Association and with the provisions of the amended laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;

(2) the Company's conditions have changed, which is inconsistent with the matters recorded in the Articles of Association;

(3) the general meeting decides to amend the Articles of Association.

Amendments to the Articles of Association adopted by the resolution of the general meeting shall be submitted to the competent authority for approval if they are subject to the approval of the competent authority; Where the Company's registered items are involved, the change registration shall be handled in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the general meeting on the amendments to the Articles of Association and the approval opinions of relevant competent authorities.

Amendments to the Articles of Association are discloseable information under laws and regulations, and shall be disclosed in accordance with relevant regulations.

MODIFICATION OF RIGHTS TO EXISTING SHARES OR CLASS OF SHARES

There is no provision in the Articles of Association for modification of rights to existing shares or classes of shares of the Company.

SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE

The resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution made by the general meeting shall be passed by a simple majority of the voting rights held by the shareholders (including proxies of shareholders) present at the meeting.

A special resolution made by the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies of shareholders) present at the meeting.

VOTING RIGHTS

Shareholders (including proxies of shareholders) exercise their voting rights in the number of voting shares they represent, one vote per share. When voting, shareholders (including proxies of shareholders) with two or more votes are not required to vote for or against of all the voting rights.

Where a shareholder is required under the Hong Kong Listing Rules to abstain from voting or is restricted to casting an affirmative or negative vote on a matter, the shareholder is required to abstain from voting or voting in accordance with that requirement; Any poll casted by or on behalf of a shareholder in contravention of such provision or restriction shall not be counted in the result of the poll.

When the general meeting considers major issues affecting the interests of small and medium-sized investors, separate votes shall be counted for the votes of small and medium-sized investors. The results of separate counting shall be disclosed in a timely and public manner.

Where the laws, administrative regulations and the regulatory rules of the place where the Company's shares are listed require a shareholder to waiver his voting rights on a proposal or restrict the shareholder to vote only for or against a proposal, the voting rights of the shareholder or his/her proxies in violation of the aforesaid provisions or restrictions shall not be included in the voting results.

The shares of the Company held by the Company do not have voting rights and such shares are excluded from the total number of voting shares present at the meeting of shareholders.

Where a shareholder's purchase of voting shares of the Company violates the provisions of the first and second paragraphs of Article 63 of the Securities Law, the voting rights of the shares in excess of the prescribed proportion shall not be exercised within 36 months after the purchase and shall not be included in the total number of voting shares present at the general meeting.

The Board, independent Directors or shareholders holding more than 1% of the voting shares of the Company, or the investor protection institution established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority in the place where the Company's shares are listed, may publicly solicit the voting rights of shareholders. In solicitating of shareholders' voting rights, the specific voting intentions and other information shall be fully disclosed to the solicitees. It is prohibited to collect shareholders' voting rights by way of compensation or in any disguised form. The Company shall not impose a minimum shareholding limit on the solicitation of voting rights.

The resolutions referred to in Rules 2.2 and 2.10 of the Takeovers and Mergers Code and 3.3 of the Code on Share Buy-backs of the Hong Kong Securities and Futures Commission and other resolutions which shall be passed only by the H-share shareholders under the relevant provisions of the Hong Kong Listing Rules, the Takeovers and Mergers Code and the Code on Share Buy-backs as amended from time to time, shall be passed only by the class meeting of holders of H shares.

When the general meeting considers the related transactions, the related shareholders shall not participate in the voting, and the number of voting shares represented by them shall not be included in the total number of valid votes; The announcement of the resolution of the general meeting shall fully disclose the voting of the unrelated shareholders.

Before the general meeting considers the connected transactions, the Company shall determine the scope of connected persons in accordance with the relevant national laws and regulations, the Hong Kong Listing Rules and the regulatory requirements of the securities regulatory authority in the place where the Company's shares are listed. The connected shareholders or their proxies may attend the general meeting and may make their views known to the shareholders present in accordance with the rules of procedure of the general meeting, but shall abstain from voting. When the general meeting decides on matters related to connected transactions, the connected shareholders shall voluntarily abstain from voting; If the connected shareholder does not voluntarily abstain from voting, the other shareholders present at the meeting have the right to request the connected shareholder to do so.

After the abstention of the connected shareholders, the other shareholders shall vote according to their voting rights and adopt corresponding resolutions in accordance with the provisions of the Articles of Association; The abstention and voting procedures of the connected shareholders shall be notified by the presider of the general meeting and recorded in the minutes of the meeting.

A resolution of a general meeting on connected transactions shall be subject to the approval of a majority of the voting rights held by the non-connected shareholders present at the meeting. However, when such connected transaction involves matters shall be passed by special resolution as stipulated in the Articles of Association, the resolution of the general meeting shall be subject to the approval of more than two-thirds of the voting rights held by the non-connected shareholders present at the general meeting.

Resolutions proposed to the general meeting shall be resolved by way of open ballot.

The same voting right can only be voted either on site or by any other means at a general meeting. In case of repeated voting for the same voting right, the first voting result shall prevail.

Shareholders present at the general meeting shall express one of the following opinions on the proposal submitted for voting: for, against or abstain. The securities depository and clearing institution, as the nominal holder of the shares in the Mainland and Hong Kong stock markets under the Exchange Interconnection Mechanism, shall make a declaration in accordance with the actual holder's intention.

Blank, incorrect, illegible ballots and undelivered ballots shall be deemed as a waiver of the voting rights of the voters, and the voting result of the number of shares held by the voters shall be counted as "abstain".

PROVISIONS ON GENERAL MEETING

The general meeting is divided into annual general meeting and extraordinary general meeting. The annual general meeting shall be held once a year and shall be held within six months after the end of the previous fiscal year.

ACCOUNTING AND AUDITING

Financial and Accounting System

The Company formulates the Company's financial and accounting systems in accordance with laws, administrative regulations and provisions of relevant authorities of PRC. Where the securities regulatory authority of the place where the Company's shares are listed has other provisions, such provisions shall prevail.

An annual financial accounting report of the Company shall be prepared within one hundred and twenty days after the end of each accounting financial year and an interim financial accounting report of the Company shall be prepared within sixty days after the end of each accounting financial quarter. The above financial and accounting reports are prepared and disclosed in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Apart from the statutory accounting books, the Company will not keep separate accounting books. The assets of the Company are not deposited in an account opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

The Company employs an accounting firm that meets the requirements of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed to conduct audit of accounting statements, verification of net assets and other related consulting services, etc. The engagement term is one year and may be renewed.

The appointment of an accounting firm by the Company must be decided by a simple majority of shareholders in the general meeting. The Board shall not appoint an accounting firm before the decision of the general meeting.

The Company guarantees to provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm appointed, and shall not refuse, conceal or misrepresent them.

The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the general meeting.

When the Company dismisses or no longer reappoints an accounting firm, the Company shall notify the accounting firm 30 days in advance, and when the general meeting of the Company votes on the dismissal of the accounting firm, the accounting firm shall be allowed to make statements.

If the accounting firm proposes to resign, it shall explain to the general meeting whether the company has any improper circumstances.

NOTICE AND AGENDA OF GENERAL MEETING

The general meeting is the authority of the Company. Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence of the facts:

(1) when the number of Directors is less than two-thirds of the number as provided in in the Companies Law or the Articles of Association;

(2) when the Company's unrecovered loss reaches one-third of the total paid-in share capital;

(3) when requested by shareholders who individually or collectively hold more than 10% of the Company's shares;

(4) when the Board considers it necessary;

(5) when the Board of Supervisors proposes to convene the meeting;

(6) other circumstances as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The independent directors have the right to propose to the Board for convening an extraordinary general meeting. For the proposal of an independent director for convening an extraordinary general meeting, the Board shall, in accordance with the laws, administrative

regulations, the Hong Kong Listing Rules and the Articles of Association, provide written feedback on whether or not it agrees to convene an extraordinary general meeting within ten days after receiving the proposal.

If the Board decides to convene an extraordinary general meeting, a notice of convening the general meeting shall be given within five days after the Board decides to convene such meeting; If the Board of Directors does not agree to convene an extraordinary general meeting, the reasons will be explained and announced.

The Board of Supervisors has the right to propose to the Board for convening of an extraordinary general meeting, which shall be proposed to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within ten days after receiving the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice of convening the general meeting shall be given within five days after the Board decides to convene such meeting. Any change to the original proposal in the notice shall be approved by the Board of Supervisors.

If the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within ten days after receiving the proposal, it shall be deemed that the Board cannot perform or fails to perform the duty of convening a general meeting, and the Board of Supervisors may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the Company's shares have the right to request the Board to convene an extraordinary general meeting, which shall be submitted to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the request.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after the Board decides to convene such meeting. Any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the request, the shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Board of Supervisors for convening an extraordinary general meeting, and shall submit the request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after receiving the request. Any change to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Supervisors fails to give notice of the general meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors does not convene and preside over the general meeting. Shareholders holding more than 10% of the Company's shares individually or in aggregate for more than 90 consecutive days may convene and preside over the meeting themselves.

When the Company holds a general meeting, the Board, the Board of Supervisors and shareholders holding more than 3% of the Company's shares individually or collectively shall have the right to make proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit additional proposals to the convener in writing 10 days before the general meeting. The convener shall issue a supplementary notice to the general meeting within two days after receiving the proposal, announce the contents of the additional proposal, and submit the additional proposal to the general meeting for deliberation; However, the temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of authority of the general meeting. The Company shall not increase the shareholding ratio of the shareholders making the additional proposal.

Except for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of general meeting or add new proposals after issuing the notice of general meeting.

Proposals that are not specified in the notice of the general meeting or that do not conform to the provisions of the Articles of Association shall not be voted and resolutions shall be made by the general meeting.

The notice of the general meeting includes the following contents:

(1) The time, place and duration of the meeting;

(2) Matters and proposals submitted to the meeting for consideration;

(3) Clearly stated in writing: All shareholders have the right to attend the general meeting and may appoint a proxy to attend the meeting and vote in writing, and such proxy may not be a shareholder of the Company;

(4) Date of record for shareholders entitled to attend the general meeting;

(5) The name and telephone number of the permanent contact person for the meeting;

(6) The voting time and voting procedures, if any, online or otherwise;

(7) Other requirements as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules and articles of association of the place where the Company's shares are listed.

The notice of the general meeting and the supplementary notice shall fully and completely disclose all specific contents of all proposals and all information or explanations necessary to enable the shareholders to make a reasonable judgment on the matters to be discussed. If the matters to be discussed require the independent directors to express their opinions, the independent directors' opinions and reasons will be disclosed when the notice of general meeting or supplementary notice is issued.

The resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

The following matters shall be passed by ordinary resolutions of the general meeting:

(1) Work reports of the Board and the Board of Supervisors;

(2) The profit distribution plan and loss compensation plan drawn up by the Board;

(3) The appointment and removal of members of the Board and the Board of Supervisors, and their remuneration and payment methods;

(4) The annual budget plan and final accounting plan of the Company;

(5) The annual report of the Company;

(6) Other matters other than those required by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association to be passed by special resolutions.

The following matters shall be passed by special resolutions of the general meeting:

(1) The Company increases or decreases its registered capital;

(2) Merger, spin-off, division, dissolution, liquidation or change of corporate form of the Company;

(3) Amendments to the Articles of Association;

(4) The Company purchases or dispose of significant assets or the amount of guarantee exceeds 30% of the Company's total audited assets in the latest period within one year;

(5) Equity incentive plan;

(6) Other matters as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and as determined by ordinary resolutions of the general meeting to have a significant impact on the members of the Group, and as required to be passed by special resolutions.

SHARE TRANSFER

Shares issued before the Company's public offering shall not be transferred for one year from the date on which the Company's shares are listed and traded on the stock exchange. Where there are other provisions in laws, administrative regulations or the the State Council Securities Regulatory Authority and the Hong Kong Stock Exchange regarding the transfer of the Company's shares held by shareholders and actual controllers of listed companies, such provisions shall prevail.

If Shareholders, directors, supervisors and senior management of the Company who hold more than 5% of the shares sell the Company's shares or other equity securities held by them within six months after purchase, or buy them again within six months after sale, the proceeds therefrom shall be owned by the Company, and the Board of the Company shall recover the proceeds therefrom, except for those securities companies that hold more than 5% of the shares as a result of purchasing the remaining shares after underwriting, and other circumstances as prescribed by the China Securities Regulatory Commission and the securities regulatory authority of the place where the company's shares are listed. The above shareholders holding more than 5% of the shares of the Company do not include a recognized clearing house and its agents as defined in the relevant ordinances from time to time in force under the laws of Hong Kong.

The shares or other equity securities held by the directors, supervisors, senior management personnel and natural person shareholders mentioned above include the shares or other equity securities held by their spouses, parents and children and held by using the accounts of others.

If the Board of the Company fails to comply with the aforesaid provisions, the shareholders have the right to require the Board to comply within 30 days. If the Board of the Company fails to execute within the aforesaid time limit, the shareholders shall have the right to bring a lawsuit directly to the people's court in their own name for the benefit of the Company.

If the Board of the Company fails to comply with the aforesaid provisions, the responsible directors shall be jointly and severally liable in accordance with the law.

THE COMPANY'S RIGHT TO REPURCHASE ITS OUTSTANDING SHARES

The Company shall not acquire shares of the Company, except in any of the following circumstances:

(1) Reducing the registered capital of the Company;

(2) Consolidation with other companies holding shares in the Company;

(3) The use of shares in ESOP or equity incentives;

(4) Where a shareholder requests the Company to acquire its shares because he disagrees with the resolution of merger or division made by the general meeting;

(5) Corporate bonds convertible into shares issued by the conversion company in which the shares are used;

(6) Necessary to safeguard the Company's value and shareholders' interests;

(7) Other circumstances permitted by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed, etc.

The Company's acquisition of the Company's shares may be made by way of open centralized transactions, or by other means approved by laws, administrative regulations, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are listed and the China Securities Regulatory Commission (if necessary). Where the Company acquires the shares of the Company due to the circumstances specified in items (3), (5) and (6) above, the acquisition shall be conducted through open centralized trading provided that the requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed are met.

ANY SUBSIDIARY OF THE COMPANY HAS THE POWER TO OWN THE SHARES OF ITS PARENT COMPANY

There is no provision in the Articles of Association for subsidiaries of the Company to own shares in its parent company.

DIVIDENDS AND OTHER DISTRIBUTIONS

The distribution of dividends (or shares) shall be completed within two months after the general meeting of the Company has made a resolution on the profit distribution plan, or after the Board of the Company has formulated a specific plan based on the medium-term dividend distribution conditions and ceiling for the next year as approved by the annual general meeting.

The Company's profit distribution policy is that the Company shall implement a dividend policy of sharing the same share and profits, and shall distribute the shares held by the shareholders in cash, shares or other legally recognized manner.

SHAREHOLDER'S PROXY

Any shareholder who has the right to attend the general meeting and has the right to vote may attend the general meeting in person or may entrust one or more persons (who may not be shareholders) to attend and vote on his behalf as his shareholder's proxy.

The power of attorney issued by the shareholders to entrust others to attend the general meeting shall specify the following contents:

(1) The name of the proxy;

(2) Whether it has the right to vote;

(3) An instruction to vote for, against or abstain from voting on each item included in the agenda of the general meeting respectively;

(4) The date on which the power of attorney is issued and the term of validity thereof;

(5) Signature (or seal) of the appointing shareholder. If the appointing shareholder is a legal person/other institutional shareholder, the seal of the legal person/institutional unit shall be affixed.

The form of proxy should state whether the shareholder's proxy may vote in his/her discretion if the shareholder does not give specific instructions.

If the proxy is authorized by the appointing shareholder to be signed by another person, the power of attorney or other authorized documents authorized to be signed shall be notarized. The notarized power of attorney or other authorized documents and the proxy form must be kept at the Company's residence or other places designated in the notice convening the meeting.

If the proxy is a legal person/other institution, its legal representative/managing partner or a person authorized by the Board or other decision-making bodies by resolution shall attend the Company's shareholders' meeting as a proxy.

If the proxy is a partnership, its managing partner or a person authorized by him/her shall attend the Company's shareholders' meeting as a proxy.

If the Shareholder is a recognized clearing house (or its proxy) as defined in the relevant Ordinance enacted in Hong Kong from time to time, the Shareholder may authorize such person or persons as he thinks fit to represent him at any meeting of shareholders; However, if more than one person is authorised, the authorisation shall state the number and type of shares to which each such person is subject to such authorisation and shall be signed by an authorised officer of a recognised clearing house. A person so authorised may, on behalf of a recognised clearing house (or its proxy), attend meetings (without presenting a certificate of shareholding, a notarized authorisation and/or further evidence that he is duly authorised) to exercise his rights as if he were an individual shareholder of the Company.

CALLS AND FORFEITURE OF SHARES

There is no provision for calls and forfeiture of shares in the Company in the Articles of Association.

INSPECTION OF REGISTER OF MEMBERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company shall establish a register of shareholders based on the certificates provided by the securities registration authority. The register of shareholders is sufficient evidence to prove that the shareholders hold the shares of the Company. Shareholders have rights and obligations according to the types of shares they hold; Shareholders holding the same class of shares have the same rights and obligations.

When the Company convenes a general meeting, distributes dividends, liquidates and engages in other acts that require the identification of shareholders, the Board or the convener of the general meeting shall determine the shareholders registered in the register of shareholders as shareholders with relevant interests.

QUORUM OF GENERAL MEETING

There is no provision in the Articles of Association for a quorum at the general meeting of the Company.

RESTRICTIONS ON THE RIGHTS OF CONTROLLING SHAREHOLDERS

The Controlling Shareholders and actual controllers of the Company shall not use their connected relationship to harm the interests of the Company. In the event of any Controlling Shareholder or the actual controller violates the regulations and causes losses to the Company, he or she shall be liable for compensation.

The Controlling Shareholders and actual controllers of the Company have fiduciary duties towards the Company and the public shareholders of the Company. Controlling Shareholders shall exercise the rights as a capital contributor in strict compliance with the law. Controlling Shareholders shall not harm the legitimate rights and interests of the Company and other shareholders of the Company by way of, among other things, profit distribution, asset restructuring, external investment, capital occupation, loan guarantee, nor use their controlling position to harm the interests of the Company and other shareholders of the Company.

LIQUIDATION PROCEDURE

The Company may be dissolved for the following reasons:

(1) The business term stipulated in the Articles of Association expires or other causes for dissolution stipulated in the Articles of Association arise;

(2) The general meeting resolved to dissolve the Company;

(3) Dissolution is required due to merger or division of the Company;

(4) Having its business license revoked, ordered to close down or revoked in accordance with the law;

(5) Serious difficulties arise in the operation and management of the Company and the continued existence of the Company would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request a people's court to dissolve the Company.

The Company may survive by amending the Articles of Association in case of occurrence of circumstance set out in item (1) above. Any amendment to the Articles of Association in accordance with the aforesaid provisions shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Where the Company is dissolved due to the provisions of items (1), (2), (4) and (5) above, a liquidation group shall be established within 15 days from the date of occurrence of the cause of dissolution to commence liquidation. The liquidation group shall be composed of Directors or personnel determined by the general meeting. If a liquidation group is not established for liquidation within the time limit, the creditors of the Company may apply to a people's court for designating relevant personnel to form a liquidation group for liquidation.

The liquidation group shall notify the creditors within ten days from the date of establishment and make an announcement in a newspaper within sixty days. The creditor shall declare its creditor's rights to the liquidation group within 30 days from the date of receiving the notice or within 45 days from the date of announcement if the notice is not received.

When declaring a creditor's right, the creditor shall explain the relevant matters of the creditor's right and provide supporting materials. The liquidation group shall register the creditor's rights. During the period when creditors declare their rights, the liquidation group shall not pay off the debts to the creditors.

After the liquidation group has checked up the Company's property and prepared the balance sheet and property list, it shall formulate a liquidation plan and report it to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying liquidation expenses, staff wages, social insurance premiums and statutory compensation, taxes owed and debts of the Company shall be distributed in proportion to the shares held by the shareholders.

During the liquidation period, the Company continues to exist, but shall not carry out any business activities unrelated to the liquidation. The Company's property shall not be distributed to the Shareholders until it has made the payments out of its property in accordance with the above provisions.

If the liquidation group finds that the company's property is insufficient to pay off the debts after checking up the company's property and preparing the balance sheet and property list, it shall file a bankruptcy petition with the people's court for bankruptcy in accordance with the law.

After the Company is declared bankrupt by the ruling of the people's court, the liquidation group shall hand over the liquidation affairs to the people's court.

After the liquidation of the Company is completed, the liquidation group shall prepare a liquidation report and submit it to the general meeting or the people's court for confirmation. The liquidation group shall also submit the report to the company registration authority, apply for deregistration of the Company and announce the termination of the Company.

The members of the liquidation group shall be faithful in the discharge of their duties and perform their liquidation obligations in accordance with the law.

Members of the liquidation group shall not take advantage of their authority to accept bribes or other illegal income, and shall not encroach on the Company's property.

Where a member of the liquidation group causes losses to the Company or its creditors intentionally or through gross negligence, he or she shall be liable for compensation.

Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with the laws on bankruptcy of enterprises.

OTHER MATERIAL REQUIREMENTS RELATING TO THE COMPANY OR THE SHAREHOLDERS

General Rules

The Company is a company limited by shares with perpetual existence.

Shareholders are liable to the Company to the extent of their subscribed shares, and the Company is liable to the debts of the Company to the extent of all its assets.

From the effective date, the Articles of Association of the Company shall become legally binding documents regulating the organization and behavior of the Company, the rights and obligations between the Company and its shareholders, and among the shareholders, and shall be legally binding documents for the Company, shareholders, directors, supervisors and senior management personnel. According to the Articles of Association, any shareholder may bring a lawsuit against another shareholder, any directors, supervisors, managers and other senior management personnel of the Company, and the Company, and the Company may bring a lawsuit against any shareholders, directors, supervisors, managers and other senior management personnel.

Shares and Transfers

According to the needs of operation and development and in accordance with the provisions of laws and regulations, the Company may increase its capital by any of the following methods upon separate resolutions of the general meeting:

(1) Public offering of shares;

(2) Non-public offering of shares;

(3) Placing or distributing new shares to existing shareholders;

(4) Conversion from reserve fund to share capital;

(5) Other means permitted by laws and administrative regulations, and the China Securities Regulatory Commission and the Hong Kong Stock Exchange.

Where the Company has increased its capital in the manner prescribed above, the existing shareholders of the Company do not have any pre-emptive rights in respect of the new shares issued by the Company, unless otherwise agreed between the Company and any existing shareholders.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures prescribed in the Company Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders

Shareholders have rights and obligations according to the class of shares they hold; Shareholders holding the same class of shares have the same rights and obligations.

Shareholders of the Company have the following rights:

(1) To receive dividends and other forms of distribution of benefits in proportion to the number of shares held;

(2) To request, convene, preside over, participate in or appoint proxy(ies) to participate in the general meeting, and exercise the corresponding right to speak and vote in accordance with the law;

(3) To supervise the operation of the Company and make suggestions or inquiries;

(4) To transfer, offer as gift or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

(5) To inspect and photocopy the Articles of Association, register of shareholders, minutes of General Meetings, resolutions of the Board meetings, resolutions of the Board of Supervisors meetings, and financial and accounting reports;

(6) To participate in the distribution of the remaining property of the Company in proportion to the number of shares held, in the event of the termination or liquidation of the Company;

(7) To request the Company to acquire the shares held by shareholders who disagree with the resolution of merger or division of the Company proposed in any general meeting;

(8) To enjoy any other rights as provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

Where a shareholder requests to access the above-mentioned relevant information or request for information, he/she shall provide the Company with written documents evidencing the type of shares and the number of shares held by him/her. The Company shall provide such documents upon verification of the identity of the shareholder in accordance with the request of the shareholder.

The shareholders of the Company undertake the following obligations:

(1) To comply with laws, administrative regulations and the Articles of Association;

(2) To pay subscription funds in accordance with the number of shares subscribed and the method of subscription;

(3) Not to withdraw shares unless in the circumstances stipulated by laws and regulations;

(4) Not to abuse shareholder's rights to harm the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability as a shareholder to harm the interests of the creditors of the Company;

(5) To fulfill other obligations under laws, administrative regulations and the Articles of Association.

Where any shareholder of the Company abuses shareholders' rights and causes losses to the Company or other shareholders, he or she shall be liable for compensation in accordance with the law. Where any shareholder of the Company who abuses the status of the Company as an independent legal entity or the limited liability as a shareholders to evade debts and causes sever harms to the interests of the Company's creditors, he or she shall be jointly and severally liable for the debts of the Company.

The Board

The Board exercises the following functions and powers:

(1) To convene the general meeting and report to the general meeting;

(2) To implement the resolutions of the general meeting;

(3) To determine the Company's business plans and investment plans;

(4) To formulate the annual financial budget plans and final accounting plans of the Company;

(5) To formulate the Company's profit distribution plans and loss recovery plans;

(6) To formulate the Company's plans for increasing or decreasing its registered capital, issuing bonds or other securities and listing;

(7) To formulate plans for the Company's material acquisitions, acquisition of the Company's shares or merger, division, dissolution and change of corporate form;

(8) Within the scope of authority granted by the general meeting, to decide on matters such as the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted wealth management, connected transactions, external donations, etc.;

(9) To determine the establishment of the internal management organization of the Company;

(10) To decide on the appointment or dismissal of the general manager, secretary of the Board and other senior management personnel of the Company, and to decide on matters of their remuneration and rewards and punishments; according to the nomination of the general manager, to decide to appoint or dismiss the Company's deputy general manager, financial controller and other senior management personnel, and to decide on matters of their remuneration and rewards and punishments;

(11) To formulate the basic management system of the Company;

(12) To formulate proposals to amend the Articles of Association;

(13) To manage the Company's information disclosure matters;

(14) To propose to the general meeting the appointment or replacement of the accounting firm as the Company's auditor;

(15) To listen to the work report of the general manager of the Company and examine the work of the general manager;

(16) To exercise other powers conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters beyond the scope of authority delegated by the general meeting shall be submitted to the general meeting for deliberation.

A meeting of the Board shall be held only if a majority of the Directors are present. Resolutions made by the Board must be passed by a majority of all Directors. Voting on the resolutions of the Board shall be on a "one person, one vote" basis.

Independent Non-Executive Directors

At all times, the Board shall have more than one-third of the independent Directors and the total number of independent Directors shall not be less than three, with at least one of whom shall have appropriate professional qualifications that meet regulatory requirements, or appropriate accounting or related financial management expertise. The term of office of an independent Director shall not exceed nine years.

Secretary of the Board

The Company has a secretary of the Board, who is responsible for the preparation of the General Meetings and the board meetings, document keeping, information management of the Company's shareholders, information disclosures and other matters.

The secretary of the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association. Any Director or other senior management personnel of the Company may concurrently serve as the secretary of the Board of the Company. However, the accountant of the accounting firm engaged by the Company shall not concurrently serve as the secretary of the Board of the Company.

When the secretary of the Board of the Company is concurrently a Director, the person concurrently serving as a Director and secretary of the Board of the Company shall not act in a dual capacity if an act should be performed by the Director and the secretary separately.

Board of Supervisors

The Company has a Board of Supervisors. The Board of Supervisors is composed of three Supervisors, with one chairman. The chairman of the Board of Supervisors shall be elected by a majority of all Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors; If the chairman of the Board of Supervisors is unable to perform his or her duties or fails to perform his or her duties, a Supervisor jointly elected by more than half of the Supervisors shall convene and preside over the meeting of the Board of supervisors.

The Board of Supervisors shall include representatives of shareholders and an appropriate proportion of representatives of the employees of the Company, among which the proportion of representatives of the employees shall not be less than one-third. The employee representatives on the Board of Supervisors shall be elected by the employees of the Company through employee representative congress, the employee congress, or other forms of democratic election.

The Board of Supervisors shall have at least three members.

The Board of Supervisors shall exercise the following functions and powers:

(1) To review and give written opinions on the Company's periodic reports prepared by the Board;

(2) To examine the Company's financial matters;

(3) To supervise the conduct of Directors and senior management personnel in performing their duties of the Company, and to propose the dismissal of Directors and senior management personnel who violate laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(4) To require the Directors and senior management to to rectify their acts when such acts harm the interests of the Company;

(5) To propose to convene an extraordinary general meeting; to convene and preside over the general meeting when the Board fails to perform its duties of convening and presiding over the general meeting as stipulated in the Company Law;

(6) To submit proposals to the general meeting;

(7) To institute legal proceedings against the Directors and senior management in accordance with Article 189 of the Company Law;

(8) If the Company's operations are found to be abnormal, to conduct investigation; when necessary, to engage professional organizations such as accounting firms and law firms to assist its work at the Company's expense;

(9) To exercise other powers as provided for in the Articles of Association or delegated by the general meeting.

General Manager

The Company shall have a general manager, who shall be appointed or dismissed by the Board.

The general manager is responsible to the Board and exercises the following functions and powers:

(1) To be in charge of the production, operation and management of the Company, organize the implementation of the resolutions of the Board, and report to the Board;

(2) To organize the implementation of the Company's annual operation plans and investment plans;

(3) To draft a plan for the establishment of the internal management organization of the Company;

(4) To draft the basic management system of the Company;

(5) To formulate specific rules and regulations of the Company;

(6) To propose to the Board the appointment or dismissal of the Company's deputy general manager and financial controller;

(7) To decide on the appointment or dismissal of management personnel other than those to be appointed or dismissed by the Board;

(8) To exercise other powers conferred by the Articles of Association or the Board.

The general manager shall attend Board meetings.

Reserves

When the Company allocates the profit after tax for the current year, it shall allocate 10% of the profit as the Company's statutory reserve fund. If the accumulated amount of the Company's statutory reserve fund reaches more than 50% of the Company's registered capital, further allocation may be dispensed.

Where the Company's statutory reserve fund is insufficient to cover the losses of previous years, the current year's profits shall be used to cover the losses before the statutory reserve fund is allocated in accordance with the provisions of the preceding paragraph.

After the Company withdraws the statutory common reserve fund from the after-tax profits, it may also withdraw any common reserve fund from the after-tax profits upon the resolution of the general meeting.

The Company's remaining profit after tax after making up the losses and allocation to the reserve fund shall be distributed according to the proportion of shares held by the shareholders, unless such distribution shall not be made in accordance with the proportion of shareholdings as stipulated in the Articles of Association.

If the general meeting violates the provisions of the preceding paragraphs by distributing the profits to the shareholders before the Company makes up the losses and makes allocation to the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

Profits shall not be distributed for the shares held by the Company itself.

The Company's reserve fund shall be used to cover the Company's losses, expand the Company's production and operation, or to increase the Company's capital. Any reserve fund and statutory reserve fund shall be used first to cover the losses of the Company; if it still cannot be made up for, the capital reserve fund may be used in accordance with the regulations.

When the statutory reserve fund is converted into an increase in registered capital, the amount of such reserve fund retained shall not be less than 25% of the registered capital of the Company before the conversion.

FURTHER INFORMATION ABOUT OUR COMPANY

Establishment of our Company

Our Company was established as a limited liability company in the PRC on June 11, 2020 and was converted into a joint stock limited company with limited liability on February 10, 2023 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB125,000,000.

Our Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 31, 2024. Mr. Lee Chung Shing (李忠成), one of our joint company secretaries, has been appointed as authorized representatives in Hong Kong and our agents for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in the section headed "Summary of Articles of Association" in Appendix III.

Changes in Share Capital of Our Company

Save as disclosed in the section headed "History, Development and Corporate Structure – Corporate Development and Major Shareholding Changes", there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Prospectus.

Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I.

There had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Prospectus.

Resolutions of our Shareholders

Pursuant to a general meeting held on May 23, 2024, among other things, our Shareholders resolved that:

(a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued shall not be less than 15% of the total issued share capital of our Company as enlarged by the Global Offering;

(c) subject to the filing procedure with the CSRC, upon completion of the Global Offering, 56,798,888 Unlisted Shares in aggregate will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities;

(e) authorization of the Board to handle matters relating to, among other things, the Global Offering, the issue and listing of the H Shares;

(f) subject to the completion of the Global Offering, the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange at any time within a period commencing from the Listing Date and up to the date of the conclusion of the next annual general meeting of the Shareholders to be held after the Listing or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be repurchased shall not exceed 10% of the number of the total issued H Shares (excluding any treasury shares) as at the Listing Date; and

(g) subject to the completion of the Global Offering, the granting of a general mandate to the Board to allot, issue Shares, or sell and/or transfer Shares out of treasury that are held as treasury shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders to be held after the Listing or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue (excluding any treasury shares) as at the Listing Date.

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

(a) Reasons and impact for repurchase

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase Shares at annual general meetings, the Board will be granted general mandate to repurchase Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company to be held after the Listing of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(ii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of 73,598,888 H Shares in issue as of the Listing Date and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the next annual general meeting to be held after the Listing) would result in a maximum of 7,359,888 H Shares being repurchased by the Company during the relevant period, being the maximum of 10% of the H Shares in issue (excluding any treasury shares) as of the Listing Date.

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(f) Status of repurchased Shares

Any shares to be repurchased will be cancelled or kept as treasury shares, subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations.

(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) Interim measures

For any treasury shares of the Company deposited with CCASS pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

(i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS;

(ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or

(iii) taking any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(i) General

The Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares upon Listing. Neither the explanatory statement on repurchase of our own securities nor the proposed share repurchase has any unusual features.

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange that they will exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws in the PRC.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be materials:

(a) the cornerstone investment agreement dated June 18, 2025 entered into among our Company, Dragon Merit Holdings Limited (佳曦控股有限公司), Morgan Stanley Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited pursuant to which Dragon Merit Holdings Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million (exclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);

(b) the cornerstone investment agreement dated June 18, 2025 entered into among our Company, Welight Capital L.P., Morgan Stanley Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited pursuant to which Welight Capital L.P. agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million (exclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy); and

(c) the Hong Kong Underwriting Agreement.

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Owner	Date of Registration	Place of Registration
1.		4141236	Chinese Peptide	2008/2/28	PRC
		15374122	Chinese Peptide	2016/09/21	PRC
2.	中肽	4702258	Chinese Peptide	2008/11/28	PRC
		4702263	Chinese Peptide	2009/02/07	PRC
		15374124	Chinese Peptide	2016/11/07	PRC
3.	PeptidEX	4702264	Chinese Peptide	2019/08/28	PRC
		4702265	Chinese Peptide	2019/08/28	PRC
4.		15208100	Chinese Peptide	2015/10/7	PRC
5.	TIDEMEDICINE	56352833	The Company	2022/04/07	PRC
		56363863	The Company	2022/04/07	PRC
6.	TIDEMED	56365827	The Company	2022/04/07	PRC
7.		70162776	The Company	2023/09/14	PRC
		70184734	The Company	2023/09/14	PRC
		70168572	The Company	2023/09/14	PRC
		70184731	The Company	2023/09/21	PRC
8.	Medtide	68519638	The Company	2023/06/21	PRC
		68519632	The Company	2023/07/28	PRC
		68508792	The Company	2023/07/21	PRC
		68501814	The Company	2023/07/21	PRC
		68501830	The Company	2023/08/07	PRC
		68521522	The Company	2023/08/28	PRC
		68514259	The Company	2023/09/14	PRC
		68519647	The Company	2023/10/14	PRC
		71390685	The Company	2024/01/28	PRC
		79968040	The Company	2025/01/21	PRC
		79976903	The Company	2025/01/21	PRC
		79962733	The Company	2025/01/21	PRC
		79975209	The Company	2025/01/21	PRC
		79970461	The Company	2025/01/21	PRC
		79964827	The Company	2025/02/07	PRC
		79985808	The Company	2025/04/21	PRC
		79980422	The Company	2025/04/28	PRC
9.	OmniPeptSynth	79162548	The Company	2024/12/14	PRC
10.	PeptiConjuX	79170136	The Company	2024/12/14	PRC
11.		306592230	The Company	2024/06/25	Hong Kong

No.	Trademark	Registration Number	Owner	Date of Registration	Place of Registration
12.		306631128	The Company	2024/05/08	Hong Kong
13.		306631146	The Company	2024/05/08	Hong Kong

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Owner	Place of Registration
1.	中肽生化CPC	Chinese Peptide	PRC
2.	泰德	The Company	PRC

Patents

For material patents and patent applications of our Group as of the Latest Practicable Date, see paragraph headed "Business—Intellectual Property" for more details.

Domain Names

As of the Latest Practicable Date, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1.	**medtideinc.com**	The Company	2023/04/26	2028/04/26
2.	**chinesepeptide.com**	Chinese Peptide	2023/12/25	2029/08/03

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Interests and short positions of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders" and below, immediately following the completion of the Global Offering, so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Director/ Supervisor	Nature of Interest	Number and class of Shares held as at the Latest Practicable Date and immediately prior to the Listing[(1)]	Approximate percentage of shareholding in the total share capital of our Company as at the Latest Practicable Date and immediately prior to the Listing[(1)]	Approximate percentage of shareholding in the Shares after the Global Offering[(1)]
Directors				
Ms. Cheng Tao	Interests in the Employee Incentive Platform	1,541,025 Unlisted Shares (L)	1.23%	1.09%
Ms. Li Lingmei (李玲梅)	Interests in the Employee Incentive Platform	500,000 Unlisted Shares (L)	0.40%	0.35%
Supervisors				
Mr. Wu Haigang (吳海剛)	Interests in the Employee Incentive Platform	508,205 Unlisted Shares (L)	0.41%	0.36%
Ms. Yan Xiya (顏喜亞)	Interests in the Employee Incentive Platform	503,555.50 Unlisted Shares (L)	0.40%	0.36%
Ms. Fu Hongying (傅紅英)	Interests in the Employee Incentive Platform	203,555.50 Unlisted Shares (L)	0.16%	0.14%

Note:

(1) The letter "L" denotes the person's long position in our Shares. For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of partnership interests in the relevant Employee Incentive Platform by the total number of Shares held by the relevant Employee Incentive Platform.

Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the Global Offering, our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our 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 is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in other members of our Group

As of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of the issued voting shares of the following member of our Group (other than our Company).

Particulars of Directors' and Supervisors' Service Contracts

We have entered into a service contract or a letter of appointment with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association. Each of the agreements or the letter is for a term of three years following their respective appointment date, and each of the agreements is subject to termination in accordance with their respective terms. The service agreements and the letter of appointments may be renewed in accordance with our Articles of Association and the applicable laws and regulations.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 10 to the Accountants' Report set out in Appendix I for the financial years ended December 31, 2022, 2023 and 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

Disclaimers

Save as disclosed in this Prospectus:

(a) none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) none of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us 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;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or suppliers of our Group in each year during the Track Record Period; and

(d) none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" in this Appendix is:

    i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

    ii. materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

The following is a summary of the principal terms of the Pre-IPO Employee Incentive Scheme, which was adopted by the Company and took effect in December 2020, and amended in November 2021 and November 2022. The terms of the Pre-IPO Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Employee Incentive Scheme does not involve the grant of new Shares or awards by our Company after the Listing. The Pre-IPO Employee Incentive Scheme will not cause any dilution of the shareholding of our Shareholders after the Listing given all underlying Shares of the Awards granted under the Pre-IPO Employee Incentive Scheme have been issued to the Employee Incentive Platforms.

Purpose

The main purpose of the Pre-IPO Employee Incentive Scheme is to improve the incentive mechanism of the Group, further enhance the sense of responsibility and mission of the participants thereto (the "**Eligible Participants**"), promote the continued growth of the performance of the Group, and bring economic benefits to the Eligible Participants while enhancing the value of the Group, so as to realize the common development of the Eligible Participants and the Group.

Administration

The general meeting of our Company (the "**General Meeting**") is responsible for considering and approving the adoption, alteration and termination of the Pre-IPO Employee Incentive Scheme. The Board shall be authorized by the General Meeting for relevant matters under the Pre-IPO Employee Incentive Scheme. The general partner of each of the Employee Incentive Platforms, Ms. Li, is the administrator of the Pre-IPO Employee Incentive Scheme (the "**Administrator**"), responsible for managing and implementing the Pre-IPO Employee Incentive Scheme.

Eligible Participants

The participants under the Pre-IPO Employee Incentive Scheme include the following personnel of the Group: (i) personnel at the director level and above with at least one year working experience, (ii) professional personnel at the manager level (including senior managers and assistant managers), and P3 level and above with at least three-year employment, and (iii) other personnel recognized by the Administrator.

Form of the Pre-IPO Employee Incentive Scheme

The Participants, as partners of the Employee Incentive Platforms which are limited partnerships, shall subscribe for partnership interests of the Employee Incentive Platforms as partners according to the number of awards granted under the Pre-IPO Employee Incentive Scheme, thereby indirectly holding the Shares of our Company by virtue of their capacity as partners of the relevant Employee Incentive Platform.

Total Number of the Underlying Shares of the Awards

As of the date of this Prospectus, the participants made an aggregate capital contribution of RMB10 million into the Employee Incentive Platforms, which in turn subscribed for a total of 10,273,500 Shares, representing approximately 8.22% of the total issued share capital of our Company immediately prior to the Global Offering. The subscription price per each corresponding Share underlying the Awards granted was RMB4.0 or RMB7.5 per Share (without taking into account the effect of stock conversion).

Term

The Pre-IPO Employee Incentive Scheme shall take effective from the date of approval at the Shareholders' general meeting to the date when all underlying Shares of the Awards have been repurchased or sold under the Pre-IPO Employee Incentive Scheme, and subject to the decision of the Administrator, shall not exceed 10 years.

Payment of Contribution

Grantees must subscribe for the partnership interests of the Employee Incentive Platforms in cash, and should ensure that their source of funds is genuine and lawful. All contribution payments shall be made fully and timely.

Rights Attached to Awards

The general partner of the Employee Shareholding Platforms shall exercise voting rights on behalf of the Eligible Participants in respect of the Shares underlying the Awards. The Eligible Participants have the rights to any dividends or distributions from any Shares underlying the Award.

Transfer Restrictions

Except for circumstances specified under the terms of the Pre-IPO Employee Incentive Scheme, no Eligible Participant shall in any way transfer his or her partnership interest under the Pre-IPO Employee Incentive Scheme, within five years from the date of grant of the Eligible Participants.

The Awards shall subject to release restrictions in the following manner:

- 30% of the total number of Awards shall be released from the calendar day following the twelve months of the date of grant to February 28 of the first anniversary of the date of grant;

- 30% of the total number of Awards shall be released from the calendar day following the twenty-four months of the date of grant to February 28 of the second anniversary of the date of grant; and

- 40% of the total number of Awards shall be released from the calendar day following the thirty-six months of the date of grant to February 28 of the third anniversary of the date of grant;

(together, the "**Time-Based Release Schedule**").

In addition to the Time-Based Release Schedule sets forth above, the release of the Awards shall be further subject to the achievement of the certain performance targets of the Company and the grantee, including (i) performance targets of the Company based on the Company's certain financial performance indicator(s) of the relevant year; and (ii) the grantee's performance appraisal result reaching C level or above.

Details of interests in the Employee Shareholding Platforms

As of the date of this Prospectus, all partnership interests in the Employee Incentive Platforms have been granted to, vested in and subscribed by and fully paid up by the partners, and the relevant registration had been completed. No Awards will be further granted after the Listing pursuant to the Pre-IPO Employee Incentive Scheme.

As of the Latest Practicable Date, Employee Incentive Platforms held 10,273,500 Shares, representing approximately 8.22% of the total issued Shares of our Company. Ms. Li, as the sole general partner of each of Hangzhou Xiyong and Hangzhou Yuanxi, held 0.6% and 18.00% partnership interests, respectively. Ms. Li's partnership interests in the Employee Incentive Platforms corresponded to a total of 955,332 underlying Shares of our Company. Other than Ms. Li's interests as a general partner in Hangzhou Xiyong and Hangzhou Yuanxi, details of the Awards (which have been fully vested and corresponded to a total of 9,328,441 underlying Shares of our Company) granted to Directors, Supervisors and senior management of our Company, and connected persons of the Company under the Pre-IPO Employee Incentive Scheme are set out below:

Name	Position(s)	Relevant Employee Shareholding Platforms	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to partnership interests held by the grantees[1]	Approximate shareholding percentage of total issued Shares immediately prior to the Listing[2]
Directors					
Ms. Cheng Tao	Executive Director and Chief Business Officer	Hangzhou Xiyong	30.00%	1,541,025	1.23%
Ms. Li Lingmei (李玲梅)	Executive Director and Secretary to the Board	Hangzhou Yuanxi	9.73%	500,000	0.40%
Subtotal of Directors		Hangzhou Xiyong/ Hangzhou Yuanxi	39.73%	2,041,025	1.63%

Name	Position(s)	Relevant Employee Shareholding Platforms	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to partnership interests held by the grantees[(1)]	Approximate shareholding percentage of total issued Shares immediately prior to the Listing[(2)]
Supervisors					
Mr. Wu Haigang (吳海剛)	Supervisor	Hangzhou Xiyong/ Hangzhou Yuanxi	9.89%	508,205	0.41%
Ms. Yan Xiya (顏喜亞)	Chairperson of the Supervisory Committee	Hangzhou Xiyong/ Hangzhou Yuanxi	9.80%	503,555.50	0.41%
Ms. Fu Hongying (傅紅英)	Supervisor	Hangzhou Xiyong	3.96%	203,555.50	0.16%
Subtotal of supervisors		Hangzhou Xiyong/ Hangzhou Yuanxi	23.66%	1,215,316	0.98%
Senior management					
Mr. Xu Weiqun (徐偉群)	Finance Director	Hangzhou Yuanxi	1.75%	90,000	0.07%
Connected person					
Mr. Li Congyan (李從岩)	Supervisor of Chinese Peptide and spouse of Ms. Li	Hangzhou Xiyong/ Hangzhou Yuanxi	2.00%	102,735	0.08%
Other grantees					
36 other grantees	–	Hangzhou Xiyong	55.84%	2,868,375	2.32%
37 other grantees	–	Hangzhou Yuanxi	58.42%	3,000,717	2.40%

Notes:

(1) For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of partnership interests in the relevant Employee Incentive Platform by the total number of Shares held by the relevant Employee Incentive Platforms.

(2) All the Unlisted Shares held by the relevant Employee Incentive Platforms will be converted into H Shares, subject to the relevant regulatory approvals and registration.

The table below sets out the details of the Awards granted to the limited partners under the Pre-IPO Employee Incentive Scheme as of the Latest Practicable Date. No Awards will be further granted after the Listing pursuant to the Pre-IPO Employee Incentive Scheme.

Shares corresponding to Awards held by Hangzhou Xiyong	Number of grantees	Approximate total number of Shares corresponding to awards held by Hangzhou Xiyong[(1)]	Approximate total shareholding percentage corresponding to awards in the total number of Shares in issue immediately prior to the Global Offering[(2)]
0 to 61,999 shares	15	616,410	0.49%
62,000 to 123,999 shares	17	1,426,922.50	1.14%
124,000 to 199,999 shares	7	1,009,965.50	0.81%
200,000 to 1,100,000 shares	3	2,052,785.50	1.64%

Shares corresponding to Awards held by Hangzhou Yuanxi	Number of grantees	Approximate total number of Shares corresponding to awards held by Hangzhou Yuanxi[(1)]	Approximate total shareholding percentage corresponding to awards in the total number of Shares in issue immediately prior to the Global Offering[(2)]
0 to 61,999 shares	26	1,005,435.50	0.80%
62,000 to 123,999 shares	8	779,299	0.62%
124,000 to 199,999 shares	2	330,000	0.26%
200,000 to 1,100,000 shares	6	2,097,350	1.68%

Notes:

(1) For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of partnership interests in the relevant Employee Incentive Platform by the total number of Shares held by the relevant Employee Incentive Platform.

(2) All the Unlisted Shares held by Hangzhou Xiyong and Hangzhou Yuanxi will be converted into H Shares, subject to the relevant regulatory approvals and registration.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred any material preliminary expenses.

Promoter

The promoters of the Company are all of the 12 then Shareholders as of February 10, 2023 immediately before our conversion into a joint stock limited liability company. 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.

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.

No Material Adverse Change

Our Directors confirm that up to the date of this Prospectus, there has been no material adverse change in our financial, operational, or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2024, being the end of the period reported on the Accountants' Report included in Appendix I; and there has been no event since December 31, 2024, and up to the date of this Prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Prospectus. However, our financial performance may be affected by changes in the fair value of redemption liabilities on equity shares until their conversion into equity upon Listing.

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Prospectus are as follows:

Name	Qualification
Morgan Stanley Asia Limited	A corporation licenced to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
CITIC Securities (Hong Kong) Limited	A corporation licenced to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Grandall Law Firm (Hangzhou)	PRC legal adviser
Han Kun Law Offices	PRC legal adviser
MagStone Law, LLP	U.S. legal adviser
Frost & Sullivan	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to "Qualifications of Experts" in this Appendix 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 (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors' Independence

The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the H Shares in issue and to be issued as mentioned in this Prospectus.

Each of the Joint Sponsor confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$500,000 for acting as the sponsors for the Listing. As of the Latest Practicable Date, US$250,000 and US$125,000 were still payable by the Company to Morgan Stanley Asia Limited and CITIC Securities (Hong Kong) Limited, respectively.

Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Prospectus

The English and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as otherwise disclosed in this Prospectus:

(a) within the two years preceding the date of this Prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Appendix IV—Statutory and General Information—Further Information about our Business—Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix IV—Statutory and General Information—Other Information—Consents of Experts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **medtideinc.com** during a period of 14 days from the date of this Prospectus:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the financial years ended December 31, 2022, 2023 and 2024;

(c) the Accountants' Report from the Reporting Accountants, the text of which is set out in Appendix I;

(d) the report from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II;

(e) the material contracts referred to in "Appendix IV—Statutory and General Information—Further Information about our Business—Summary of Material Contracts";

(f) the written consents referred to in "Appendix IV—Statutory and General Information—Other Information—Consents of Experts";

(g) the service contracts and letters of appointment referred to in "Appendix IV—Statutory and General Information—Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders—Particulars of Directors' and Supervisors' Service Contracts";

(h) the legal opinions issued by Grandall Law Firm (Hangzhou), our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the PRC legal opinions issued by Han Kun Law Offices, our PRC legal adviser in respect of PRC data compliance law;

(j) the legal opinions issued by MagStone Law, LLP, our U.S. legal adviser in respect of certain aspects of U.S. laws relating to compliance matters;

(k) the industry report issued by Frost & Sullivan referred to in "Industry Overview"; and

(l) a copy of the following PRC laws, together with unofficial English translations:

  (i) the PRC Company Law;

  (ii) the PRC Securities Law; and

  (iii) the Overseas Listing Trial Measures.

泰德醫藥（浙江）股份有限公司
Medtide Inc.