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Application Proof of

Guangzhou Innogen Pharmaceutical Group Co., Ltd.
廣州銀諾醫藥集團股份有限公司

(the "**Company**")

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

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INNOGEN

Guangzhou Innogen Pharmaceutical Group Co., Ltd.
廣州銀諾醫藥集團股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and 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**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors, **[REDACTED]**

CITIC SECURITIES CICC 中金公司

(in no particular order)

[REDACTED]

[REDACTED]

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

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EXPECTED TIMETABLE

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document carefully before you decide to [**REDACTED**] *in the* [**REDACTED**]. *In particular, we are a biotechnology company seeking a* [**REDACTED**] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. Our Core Product is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide for New Listing Applicants, we may continue to incur substantial costs and expenses in relation to R&D activities for the Core Product, and the Core Product may not be successfully developed or marketed. Moreover, there are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors".*

OVERVIEW

Since our inception in 2014, we have built a pipeline of drug candidates targeting diabetes and other metabolic diseases. Our pipeline currently comprises our Core Product, Efsubaglutide Alfa, which is being developed for the treatment of obesity and overweight, and metabolic dysfunction-associated steatohepatitis (MASH), as well as five candidates in the pre-clinical stage. We successfully obtained regulatory approval in January 2025 for Efsubaglutide Alfa for the treatment of type 2 diabetes (T2D) in China.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT FOR ADDITIONAL INDICATIONS.

All of the drug candidates have been in-house developed by us. The following pipeline chart summarizes the development status of our commercialized drug, clinical-stage drug candidate and selected pre-clinical stage drug candidates as of the Latest Practicable Date:

Pipelines	Target	Indication	Pre-clinical	IND	Phase I	Phase II	Phase III	BLA	Approval	Commercial Rights	Current status and next milestone
Efsubaglutide Alfa	GLP-1R	T2D[1]	Monotherapy							Global	BLA approved by NMPA in January 2025; Commercialized in China in February 2025
			Combination therapy with Metformin							Global	BLA approved by NMPA in January 2025; Commercialized in China in February 2025
		Obesity and overweight[1]	Monotherapy							Global	Completed Phase IIa clinical trial in China in November 2024; Initiated Phase IIb/III clinical trial in China in March 2025 and expect to complete this trial in the fourth quarter of 2026
		MASH[1]	Monotherapy							Global	Obtained IND approval from FDA in March 2023; Obtained IND approval in March 2025; Expect to initiate a multi-center Phase IIa clinical trial in China and the U.S. in 2026
YN014	Brain-specific target	AD								Global	Expect to submit IND application in the first half of 2026
YN401	Beta-cell-specific target	T1D								Global	Expect to submit IND application in 2025-2026
YN209	Liver-specific target	MASH								Global	Expect to submit IND application in 2026
YN203	GCGR	T2D								Global	Expect to submit IND application in 2026
YN202	GHS-R	Obesity and overweight								Global	Expect to submit IND application in 2026

Core Product

Pipelines in China

Pipelines in China and United States

Early stage pipelines

Abbreviations: IND represents the investigational new drug application, BLA represents the biologics license application, GLP-1R represents glucagon-like peptide-1 receptor, T2D represents type 2 diabetes, MASH represents metabolic dysfunction-associated steatohepatitis, AD represents Alzheimer's disease, GCGR represents glucagon receptor, GHS-R represents growth hormone secretagogue receptor.

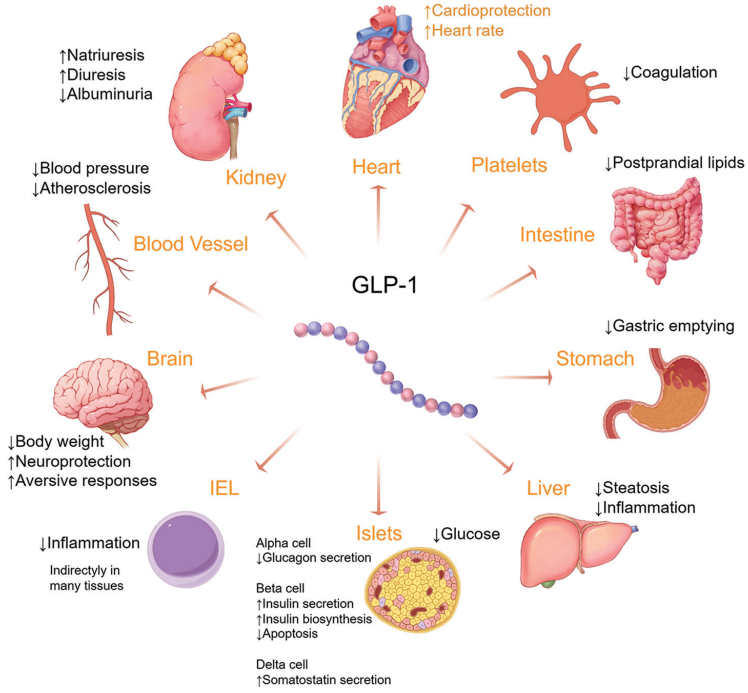
Note: 1. We completed a randomized, double-blind, placebo-controlled, single-dose, dose-escalation Phase I clinical trial of Efsubaglutide Alfa in healthy subjects in December 2019. This Phase I clinical trial of Efsubaglutide Alfa was conducted on healthy subjects and not targeted for any specific indication. This trial serves as the foundation for the subsequent clinical development of Efsubaglutide Alfa for three indications: T2D, obesity and overweight, and MASH.

Our Business Model

Our core business model is to discover, develop and commercialize innovative therapies for diabetes and other metabolic diseases. As of the Latest Practicable Date, all of our drug and drug candidates have been in-house developed by us. To complement our internal efforts, we may also collaborate with third parties on the clinical development and commercialization of our drug candidates.

Our Core Product — Efsubaglutide Alfa

Our Core Product, Efsubaglutide Alfa, is the first domestically developed, humanized, long-acting GLP-1 receptor agonist approved in China. Our Core Product is competing against other similar GLP-1 receptor agonist approved drugs and pipeline candidates in the market, and we were approved to commercialise our Core Product in China for T2D only and are conducting Phase IIb/III clinical trial of our Core Product for obesity and overweight. We have obtained IND approvals from the FDA and the NMPA for our Core Product for the treatment of MASH but have not yet commenced clinical trial for this indication. Our Core Product is a GLP-1 receptor agonist generated by our Recombinant Fusion Protein Platform. GLP-1-based therapy has demonstrated its comprehensive clinical benefits. In addition to its effective, glucose-dependent control of blood sugar levels, GLP-1-based therapy supports weight management and provides significant beneficial effects for the cardiovascular system, liver, kidneys, and central nervous system. The diagram below shows the mechanisms of GLP-1-based therapy acting on various organ systems in the human body.



Comprehensive Clinical Benefits of GLP-1-based Therapy

Source: Company data

Type 2 Diabetes

Efsubaglutide Alfa is designed for the treatment of T2D and other metabolic diseases. Efsubaglutide Alfa's clinical studies have demonstrated its fast action, strong and sustained efficacy, distinguished longer half-life, and favorable safety profile, making it a potentially standout option among current therapies for T2D.

- Efsubaglutide Alfa showed fast action, strong and sustained efficacy. With first four-week treatment, patients with T2D experienced a 1.1% reduction in hemoglobin A1c (HbA1c) levels with Efsubaglutide Alfa monotherapy (3.0 mg) in a Phase III clinical trial. Efsubaglutide Alfa also demonstrated outstanding glucose-lowering effects. In a randomized double-blind placebo control Phase III clinical trial, Efsubaglutide Alfa monotherapy with 1.0 mg and 3.0 mg dosing resulted in a statistically and clinically significant reduction in HbA1c of 1.7% and 2.2%, respectively, from their baselines at week 24.

- Efsubaglutide Alfa exhibited a distinguished longer average half-life of 204 hours. The extended long-acting effect of Efsubaglutide Alfa potentially improves patient adherence for long-term disease management.

- Efsubaglutide Alfa has favorable safety profile. No cases of drug related level 2 or higher hypoglycemia were observed in Efsubaglutide Alfa's clinical trials.

Efsubaglutide Alfa is the first domestically developed, humanized, long-acting GLP-1 receptor agonist approved in China. Our BLAs for Efsubaglutide Alfa for the treatment of T2D both as a monotherapy and in combination with metformin were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025.

Diabetes associated complications are the leading cause of death. According to Frost & Sullivan, diabetes prevalence reached 589.0 million globally and 148.0 million in China in 2024. Driven by the growing patient prevalence, increasing healthcare awareness, enhanced patient accessibility to medications and the continuous innovation in anti-diabetic medications, the global diabetes drug market is expected to increase from US$99.3 billion in 2024 to US$139.4 billion in 2034, while the China diabetes drug market is expected to increase from RMB71.2 billion in 2024 to RMB146.4 billion in 2034, according to the same source.

Obesity and overweight

We have been developing Efsubaglutide Alfa for the treatment of obesity and overweight. Efsubaglutide Alfa showed dual effects on glycemic and body weight control. Efsubaglutide Alfa also led to significant improvements in cardiometabolic risk markers compared to placebo. This included greater reductions in waist circumference, Body Mass Index (BMI) and enhancements in various lipid parameters. Efsubaglutide Alfa resulted in a weight reduction of 7.0% and 5.4% respectively, after four weeks treatment in combination with metformin or digoxin, in non-diabetic subjects. We initiated a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China in March 2024, and completed this trial in November 2024. We initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China in March 2025 and expect to complete this trial in the fourth quarter of 2026.

Obesity and overweight are major contributors to chronic diseases such as diabetes and cardiovascular diseases. Beyond their physical health implications, they also lead to significant social and psychological challenges. According to Frost & Sullivan, the prevalence of obesity or overweight in 2024 reached 2,612.5 million and 640.5 million globally and in China, respectively. The obesity or overweight drug market in China is currently in its early stage, reaching only RMB4.2 billion in 2024, compared to US$16.9 billion globally for the same year. Both global and China obesity or overweight drug markets are expected to grow rapidly at a CAGR of 21.5% and 50.8%, respectively, from 2024 to 2028, highlighting a substantial market potential.

GLP-1-based therapy has demonstrated multiple therapeutic benefits, including lowering blood glucose levels, promoting weight loss, reducing food intake, regulating lipid metabolism, and decreasing fat accumulation. Therefore, GLP-1-based therapy has substantial potential to address weight management and improve metabolic health. According to Frost & Sullivan, the global GLP-1 obesity or overweight drug market is expected to increase from US$14.7 billion in 2024 to US$33.8 billion in 2028, representing a CAGR of 23.2%, while the GLP-1 obesity or overweight drug market in China is expected to increase from RMB0.4 billion in 2024 to RMB20.7 billion in 2028, representing a CAGR of 171.2%.

MASH

We have been developing Efsubaglutide Alfa in treating MASH. MASH is a life-threatening disease. It could lead to liver scarring, cirrhosis or even liver cancer. Approximately 4.9% and 3.1% population suffered from MASH globally and in China in 2023, respectively.

Efsubaglutide Alfa's potential efficacy for the treatment of MASH has been demonstrated in pre-clinical studies. In an *in vivo* study on MASH-afflicted rhesus monkeys, 12 weeks of subcutaneous administration of Efsubaglutide Alfa resulted in a 40% reduction in liver fat content, a statistically significant decrease in Metabolic Dysfunction-Associated Fatty Liver Disease Activity (MAS) scores and an evident improvement in liver fibrosis without serious adverse effects. We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

Our Other Pipeline Products

In addition to Efsubaglutide Alfa, we have been developing pre-clinical stage and IND-enabling drug candidates for the treatment of AD and metabolic diseases including obesity, overweight, MASH, type 1 diabetes (T1D) and T2D. These drug candidates leverage advanced scientific research and technology, aiming to provide innovative, effective solutions for these diseases currently lack effective therapies.

YN014 for Alzheimer's disease (AD)

YN014 is a drug candidate for the treatment of AD. This drug candidate utilizes an innovative therapeutic regimen rationalized by the protection of neuron cells while reducing the production and release of beta-amyloid (Aβ), phosphorylated tau protein, proteins that are relevant to the onset of AD, while suppressing the activity of microglial cells causing inflammation in the brain. We have completed all pre-clinical studies for YN014 and are currently preparing for the IND submission. We plan to submit an IND application to the FDA for YN014 in the first half of 2026.

AD is the leading cause of dementia globally. According to Frost & Sullivan, the prevalence of AD in China has grown from 11.3 million in 2018 to 14.0 million in 2023 at a CAGR of 4.3% and is expected to reach 16.7 million by 2028 and 19.8 million by 2034. The economic burden of AD is growing substantially, covering not only the costs of symptomatic treatments but also substantial expenses for adjunctive medications, management of complications, and specialized care. Current treatments for AD mainly aim at relieving symptoms, with only a few having the ability to slow disease progression, underscoring significant unmet clinical needs.

YN401 for Type 1 Diabetes

T1D is an autoimmune disease caused by T cell-mediated autoimmune destruction of the islet β cells, resulting in a significant loss of the β cell mass. YN401 is an innovative drug candidate targeting β cell-specific target with dual mechanisms of β cell protection, proliferation promotion, and autoimmunity suppression for the treatment of T1D. YN401 is currently in the IND-enabling stage, and we plan to submit an IND application for it in 2025 or 2026.

YN209 for MASH

We have also been developing YN209 for the treatment of MASH. YN209 is a drug candidate targeting liver-specific pathway for the treatment of MASH. Based on pre-clinical studies including *in vitro* studies, we identified a specific myokine, a type of cytokines secreted by the human body that targets fatty liver. By optimizing the structure of this natural hormone, we developed YN209, a candidate for treating MASH. YN209 specifically targets liver cells to exert hepatic actions by suppressing free fatty acid production (lipogenesis), enhancing fat breakdown (lipolysis) and boosting free fatty acid beta oxidation to improve mitochondrial function with the autophagy process, which helps clear damaged cells. YN209 is currently in the IND-enabling stage, and we plan to submit an IND application for it in 2026.

YN203 for Type 2 Diabetes

YN203 is a recombinant fusion protein targeting glucagon receptors (GCGR) for the treatment of T2D. YN203 has dual targeting mechanisms for the liver and pancreas. In the liver, it inhibits the signaling pathways mediated by GCGR, reducing hepatic gluconeogenesis. In the pancreas, it promotes cell growth and inhibiting apoptosis, leading to pancreatic β-cell proliferation, and increasing insulin synthesis and secretion. YN203 is currently in the pre-IND stage, and we plan to submit an IND application for it in 2026.

YN202 for Obesity and overweight

We have also been developing YN202 for the treatment of obesity and overweight. YN202 is a recombinant fusion protein targeting the ghrelin receptor (GHS-R) binding domain. Ghrelin is a hormone that stimulates appetite and promotes fat storage. YN202 competes with ghrelin for binding to the GHS-R receptor, regulating peripheral circulating levels of ghrelin and obesity-related hormones, thereby inducing a feeling of satiety and reducing food intake, which results in weight loss. YN202 is currently in the pre-IND stage, and we plan to submit an IND application for this drug candidate in 2026.

OUR STRENGTHS

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

- Scientific insights facilitating our innovation in developing Efsubaglutide Alfa;
- A pipeline of drug candidates for metabolic diseases to capture market opportunities;
- Omnichannel commercialization approach to enhance the patient accessibility to Efsubaglutide Alfa, an expert-endorsed product;
- Our technologies and R&D platform enable us to continuously discover and develop high-quality innovative drug candidates; and
- A seasoned management team with strong scientific expertise and industry insight.

See "Business — Our Strengths."

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business.

- Accelerate the approval and marketing of our Core Product and advance the clinical development of other drug candidates;
- Progress our commercialization by building our brand and implementing extensive omnichannel marketing approaches;
- Pursue a phased strategy for the manufacture of Efsubaglutide Alfa to meet significant post-commercialization market demand;
- Satisfy the clinical needs and maximize commercial value of our drug candidates through global expansion and strategic partnerships; and
- Strengthen our established talent team to support our continuous growth.

See "Business — Our Strategies."

RESEARCH AND DEVELOPMENT

Research and development is a fundamental pillar of our business and will continue to be critical to our future growth. As of December 31, 2024, we had a R&D team of 34 members, accounting for a majority of our employees. Our R&D team comprises talents with extensive experience in drug discovery, pre-clinical development, CMC, clinical development and regulatory affairs, spanning the entire R&D cycle for innovative drugs.

In 2023 and 2024, our research and development expenses amounted to RMB492.1 million and RMB102.5 million, respectively. We have been focusing our in-house R&D efforts on the development of our Core Product, Efsubaglutide Alfa. In 2023 and 2024, we incurred research and development expenses for Efsubaglutide Alfa of RMB376.1 million and RMB98.1 million, respectively, representing 76.4% and 95.7% of our total research and development expenses for the same years, respectively. All the key employees involved in the development of the Core Product remained employed by us during the Track Record Period and as of the Latest Practicable Date.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business, and we are committed to the development and protection of our intellectual properties. As of the Latest Practicable Date, we owned (i) five issued patents in China, (ii) five issued patents in the U.S., (iii) one issued patent in Japan, (iv) three issued patents in other jurisdictions, and (v) 50 patent applications, including 11 in China, two in the U.S., two pending PCT patent applications that may enter various contracting states in the future, and 35 in other jurisdictions. As of the Latest Practicable Date, with respect to Efsubaglutide Alfa and its underlying technologies, we owned (a) three granted patents, including one in the PRC and two in the U.S., and (b) 37 patent applications, including five in the PRC, one in the U.S., one PCT patent application that may enter various contracting states in the future and 30 in other jurisdictions. For details, see "Appendix VI — Statutory and General Information — B. Further Information About our Business."

Manufacturing

At current stage, we mainly rely on a reputable CDMO to support the clinical supply. We are implementing a phased strategy for the commercial manufacturing of Efsubaglutide Alfa to effectively meet post-launch market demand and ensure a stable and continuous supply. In the near term, we will continue to collaborate with our CDMO partner to achieve initial commercial-scale manufacturing and supply of the product. As we progress through commercialization, we plan to establish our own manufacturing facilities to build up our in-house commercial production capacity for Efsubaglutide Alfa in the future.

Commercialization Strategy and Prospect of Efsubaglutide Alfa

Target customers of Efsubaglutide Alfa

We are currently developing Efsubaglutide Alfa for three indications: T2D, obesity and overweight, and MASH.

Our BLAs for Efsubaglutide Alfa for the treatment of T2D both as a monotherapy and in combination with metformin were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in February 2025 in China. In addition, we completed a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in November 2024, initiated a Phase IIb/III clinical trial for obesity and overweight in March 2025 in China, and expect to complete this Phase IIb/III clinical trial in the fourth quarter of 2026. Furthermore, we plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

Once these three indications are approved, Efsubaglutide Alfa will target a broad customer base, including patients with T2D, obese and/or overweight individuals, and patients diagnosed with MASH.

Our strategy for penetrating the Chinese market amidst fierce competition

To successfully penetrate the competitive Chinese market, we have developed a multi-faceted strategy that focuses on increasing adoption, enhancing accessibility, and fostering strong partnerships.

- ***Inclusion in expert consensus and treatment guidelines***. One of our key strategies is to actively seek the inclusion of Efsubaglutide Alfa in expert consensus and national treatment guidelines. By accelerating its recognition and adoption within the medical community, we aim to enhance its acceptance in hospitals across China. We believe that this will help increase its use as a preferred treatment for conditions like T2D.

- ***Building a strong sales and distribution network.*** To support the market launch and expansion of Efsubaglutide Alfa, we have established a professional in-house sales team and developed strong partnerships with top local distributors through our internal sales and marketing team. These partnerships are essential to ensuring robust market promotion and distribution, enhancing our reach across China's vast healthcare network.

- ***Leveraging online pharmaceutical e-commerce platforms and internet hospitals.*** In addition to traditional channels, we place significant emphasis on collaborating with online pharmaceutical e-commerce platforms and internet hospitals. By utilizing their extensive service and distribution networks, we can reach a broader segment of the population. We believe this strategy will not only enhance product accessibility but also position us favorably in the increasingly popular online healthcare space.

- ***Scientific and disease-specific knowledge dissemination and comprehensive lifecycle support services.*** Building strong relationships with the medical community is central to our strategy. We differentiate ourselves by providing science-based medical information and resources to healthcare providers, complemented by comprehensive lifecycle management support tools designed for use within the healthcare system. By providing scientifically-backed information and support services, we aim to empower the healthcare ecosystem to better inform and manage patients, enabling patients, through their healthcare providers, to make informed health decisions.

Medical insurance inclusion and pricing strategy of Efsubaglutide Alfa

We will actively participate in the upcoming 2025 national medical insurance negotiation, aiming to secure the inclusion of our Core Product in the NRDL. In preparation, we have conducted comprehensive pharmacoeconomic studies and organized multiple expert seminars that focus on the Core Product's value for market access and clinical evaluation. These seminars brought together clinical, pharmaceutical, pharmacoeconomic, and medical insurance experts from across the country, thereby supporting the recognition and market acceptance of our Core Product and its underlying innovation. These efforts are designed to increase the likelihood of a successful outcome in the NRDL negotiations, enabling us to secure a reasonable reference drug price and medical insurance aligned with domestic innovation policies in the PRC.

If we are unable to include our Core Product in the NRDL, it could have a significant impact on our business operations. Specifically, failure to secure medical insurance inclusion could hinder our expansion in the hospital sales channel, limit patient accessibility and increase the financial burden on patients. This could slow down the adoption of the Core Product in hospitals, as many patients rely on medical insurance coverage for their treatments.

In the event that our Core Product is included in the NRDL, our pricing strategy will depend on the results of medical insurance evaluations and negotiations, as well as the reference pricing for similar products already included in the NRDL. We will aim to secure a competitive and reasonable medical insurance price to ensure broad accessibility for patients, while aligning with the broader market conditions. This pricing strategy will play a critical role in ensuring that the Core Product is accessible to a large patient population, boosting its adoption and increasing its market share.

In addition to seeking inclusion in the NRDL, we are also focusing on gaining access to private medical insurance programs and expanding our presence in hospital networks. We have already made progress in this area, with multiple private hospitals nationwide having purchased our Core Product. Furthermore, in March 2025, Efsubaglutide Alfa was included in Guangzhou's "SuiXinBao Zhujiang Pharma Safe" (穗新保・珠江藥安心) innovative drug and medical device commercial health insurance established by a reputable China-based commercial insurance company, which is accessible to hospitals nationwide. This inclusion has helped reduce the financial burdens and improved accessibility to the product, for T2D patients who benefit from these insurance programs. We are continuing to promote cooperation with commercial insurance providers and private hospitals to expand access and ensure more patients can benefit from our Core Product.

Market competition and competitive advantages of Efsubaglutide Alfa

Efsubaglutide Alfa are in highly competitive markets, facing intense competition from multi-national and domestic pharmaceutical companies with multiple approved drugs by the FDA and the NMPA and drug candidates at advanced clinical stages. For details, see "Risk Factors — Risks Relating to the Commercialization of Our Drug Candidates — We face intense competition and rapid technological change. If our competitors develop therapies that are similar, more advanced, or more effective than ours, or launch biosimilar products and therapies ahead of us, our financial condition and results of operations and our ability to successfully commercialize our drug candidates could be materially and adversely affected."

In addition, there exists various diseases prevention methods for T2D, obesity and MASH, including lifestyle changes such as regular exercise and weight management as well as various alternative treatment options for these diseases and that they may potentially limit the market potential of the Core Product.

However, Efsubaglutide Alfa demonstrated promising competitive advantages compared to other marketed GLP-1 products that we are competing with. Efsubaglutide Alfa showed fast action, strong and sustained efficacy. With first four-week treatment, patients with T2D experienced a 1.1% reduction in hemoglobin A1c (HbA1c) levels with Efsubaglutide Alfa monotherapy (3.0 mg) in a Phase III clinical trial. Efsubaglutide Alfa also demonstrated outstanding glucose-lowering effects. In a randomized double-blind placebo control Phase III clinical trial, Efsubaglutide Alfa monotherapy with 1.0 mg and 3.0 mg dosing resulted in a statistically and clinically significant reduction in HbA1c of 1.7% and 2.2%, respectively, from their baselines at week 24. Furthermore, Efsubaglutide Alfa demonstrated its sustained efficacy in treating patients with T2D. It improves T2D patients' pancreatic cell function and achieves diabetes remission.

Efsubaglutide Alfa also exhibited a distinguished longer average half-life of 204 hours. According to the drug information labels, the average half-life of Semaglutide, Dulaglutide and Tirzepatide is 168, 112 and 120 hours, respectively. The extended long-acting effect of Efsubaglutide Alfa potentially improves patient adherence for long-term disease management.

In addition, our BLAs for Efsubaglutide Alfa for the treatment of T2D both as a monotherapy and in combination with metformin were approved by the NMPA in January 2025, making Efsubaglutide Alfa the first domestically developed, humanized, long-acting GLP-1 receptor agonist approved in China. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025. Efsubaglutide Alfa's early entry into the market allows us to establish brand recognition, build relationships with healthcare providers, and capture market share before competitors can launch their products.

Commercialisation progress of Efsubaglutide Alfa

We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025. We have adopted a competitive approach in commercializing Efsubaglutide Alfa, focusing on enhancing patient access through a science-driven omnichannel strategy. Our key customers include hospitals as well as online and retail channels, including online and offline pharmacies, internet hospitals, online clinics, and top e-commerce platforms.

The demand for our Efsubaglutide Alfa is primarily driven by the growing number of T2D patients in China. We have seen strong demand from both hospitals and online and retail channels since our Core Product's commercial launch. Specifically, on a leading e-commerce platform, the search index for our Core Product rose by 40% in the second month after commercial launch, indicating a surge in consumer interest for our Core Product.

To promote our Core Product in hospitals, we have established a diabetes and metabolic disease research project and are conducting post-marketing safety studies to provide additional evidence to further solidify Efsubaglutide Alfa as a competitive GLP-1 treatment in China. We also continue to collaborate with top experts and plan to organize seminars for doctors to share clinical data and progress of clinical trials of the Core Product.

To facilitate access to prescription medications, we collaborate with e-commerce platforms that operate licensed online pharmacies and integrate with compliant internet hospitals, as well as with offline pharmacies. These initiatives focus on providing support and information to pharmacists and other pharmacy staff regarding disease states and appropriate medication use. They also facilitate patient support programs (e.g., adherence reminders, refill coordination) that are strictly managed within regulatory guidelines and under physician oversight. Our collaborations aim to ensure appropriate access to and support for prescribed therapies within the legal framework.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of raw materials and consumables for our drug development, including pre-clinical studies and clinical trials, (ii) CROs, who provide third-party contracting services for research and development, (iii) a CDMO, who provide third-party contracting services for manufacturing, (iv) suppliers of equipment and (v) a strategy consulting firm.

For the years ended December 31, 2023 and 2024, the aggregate purchases attributable to our five largest suppliers in each year during the Track Record Period amounted to RMB93.1 million and RMB75.0 million, respectively, representing 65.0% and 71.8% of our total purchases for the corresponding years. Purchases attributable to our single largest supplier amounted to RMB62.8 million and RMB50.4 million for the same years, accounting for 43.9% and 48.3% of our total purchases for the corresponding years.

All of our five largest suppliers in each year during the Track Record Period are independent third parties. To the best knowledge of our Directors, none of our Directors, their respective associates or, or any Shareholder with over 5% of our issued share capital as of the Latest Practicable Date has any interest in any of our five largest suppliers in each year during the Track Record Period. See "Business — Suppliers and Procurement."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Accountants' Report set out in Appendix I to this document, including the related notes. Our consolidated financial information was prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Other income and gains	16,849	20,055
Research and development expenses	(492,108)	(102,511)
Administrative expenses	(255,737)	(84,460)
Selling expenses	–	(2,386)
Other expenses	(62)	(4,515)
Finance costs	(2,318)	(873)
Loss before tax	(733,376)	(174,690)
Income tax expense	–	–
Loss for the year	**(733,376)**	**(174,690)**

Our research and development expenses decreased from RMB492.1 million in 2023 to RMB102.5 million in 2024, primarily because of (i) a decrease in employee benefit expenses of RMB320.2 million, mainly as we recognized a significantly larger amount of share-based payments relating to restricted shares granted to our research and development personnel over their respective vesting periods in 2023, and (ii) a decrease in pre-clinical and clinical trial fees of RMB66.5 million, mainly as we incurred a larger amount of clinical trial expenses in 2023, as we conducted and completed the 28-week open-label treatment phase of the Phase III clinical trials of Efsubaglutide Alfa in 2023; this decrease in pre-clinical and clinical trial fees was partially offset by an increase of fees related to CMC studies associated with the registration of Efsubaglutide Alfa.

Our net loss decreased from RMB733.4 million in 2023 to RMB174.7 million in 2024, primarily due to (i) a decrease of RMB389.6 million in research and development expenses primarily due to the aforementioned reasons, and (ii) a decrease of RMB171.3 million in administrative expenses primarily due to a decrease in employee benefit expenses of RMB194.8 million as we recognized a significantly larger amount of share-based payments relating to restricted shares granted to our management and administrative personnel over their respective vesting periods in 2023 compared to 2024, partially offset by an increase of RMB22.8 million in professional service fees related to our [**REDACTED**].

Summary of Consolidated Statements of Financial Position

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

	As of December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Non-current assets		
Property, plant and equipment	17,991	13,300
Intangible assets	35,868	24,094
Right-of-use assets	36,863	–
Prepayments, other receivables and other assets	57,167	58,191
Total non-current assets	**147,889**	**95,585**
Current assets		
Inventories	3,449	29,035
Prepayments, other receivables and other assets	8,685	13,300
Financial assets at fair value through profit or loss ("FVTPL")	495,126	225,192
Bank deposits with initial term of over three months	42,545	45,147
Pledged bank deposits	250,030	30
Cash and cash equivalents	157,640	526,511
Total current assets	**957,475**	**839,215**

	As of December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Current liabilities		
Trade payables	88,333	91,045
Other payables and accruals	265,247	37,312
Interest-bearing bank borrowings	1,000	9,900
Lease liabilities	4,824	–
Total current liabilities	**359,404**	**138,257**
Net current assets	**598,071**	**700,958**
Total assets less current liabilities	**745,960**	**796,543**
Non-current liabilities		
Other payables and accruals	73	72
Lease liabilities	40,762	–
Total non-current liabilities	**40,835**	**72**
Net assets	**705,125**	**796,471**

Our net current assets increased from RMB598.1 million as of December 31, 2023 to RMB701.0 million as of December 31, 2024. The increase was due to the decrease in our current liabilities which outpaced the decrease in our current assets. Our current assets decreased from RMB957.5 million as of December 31, 2023 to RMB839.2 million as of December 31, 2024, primarily due to (i) a decrease in our financial assets at FVTPL of RMB269.9 million, mainly attributable to the redemption of our matured wealth management products, and (ii) a decrease in our pledged bank deposits of RMB250.0 million, because the restriction on capital investment funds of RMB250.0 million was removed in February 2024 and such amount was then deposited in regular bank accounts. This amount is partially offset by an increase in our cash and cash equivalents of RMB368.9 million. Our current liabilities decreased from RMB359.4 million as of December 31, 2023 to RMB138.3 million as of December 31, 2024, primarily due to a decrease in our other payables and accruals of RMB227.9 million, mainly because we recognized capital investment funds of RMB250.0 million as advance payments from an investor in our Series B+ Financing in 2023 and such amounts have been reclassified as our equity since the transaction has been completed.

See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Assets" and "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Liabilities" for detailed analysis about the underlying reasons for the aforementioned fluctuations.

Our net assets increased from RMB705.1 million as of December 31, 2023 to RMB796.5 million as of December 31, 2024, corresponding to our changes in equity, which were mainly due to (i) shares issued of RMB250.0 million, which is in relation to our Series B+ Financing, and (ii) recognition of equity-settled share-based payments of RMB16.0 million. The increase in our total equity was partially offset by the total comprehensive loss for the year ended December 31, 2024 of RMB174.7 million.

Summary of Consolidated Statement of Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	Year Ended December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Net cash used in operating activities	(164,597)	(162,619)
Net cash (used in)/from investing activities	(157,208)	275,954
Net cash from financing activities	351,706	254,839
Net increase in cash and cash equivalents	29,901	368,174
Cash and cash equivalents at beginning of the year	127,034	157,640
Effect of foreign exchange rate changes, net	705	697
Cash and cash equivalents at end of the year	157,640	526,511

During the Track Record Period, we incurred negative cash flows from our operations. Our primary use of cash was to fund our pre-clinical studies and clinical development activities as well as our preparation for commercialization. Our net cash used in operating activities was RMB164.6 million and RMB162.6 million in 2023 and 2024, respectively, which was mainly attributable to cash used in paying research and development expenses and administrative expenses we incurred during the Track Record Period while we had not generated any revenue from sales of our drug candidates.

We plan to improve our net operating cash flow position in view of potential net operating cash inflows which we expect to generate after successful commercialization of our product candidates. As our business develops, we expect to improve our negative cash flow position from our operations by generating more net cash from our operating activities, including launching our drug candidates and promoting the sales of our approved Core Product for the treatment of T2D, and improving our cost control and operating efficiencies. For details on our efforts to improve our net operating cash outflow position, please refer to "Financial Information — Liquidity and Capital Resources — Cash Flows — Operating Activities."

Cash Operating Costs

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

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Costs Relating to Research and Development of Our Core Product		
Clinical trial costs	111,893	47,964
Staff costs	22,024	21,091
Raw material expenses	5,825	799
Others	2,415	4,059
Subtotal	**142,157**	**73,913**
Costs Relating to Research and Development of Other Drug Candidates		
Clinical trial costs	–	194
Staff costs	3,169	2,559
Raw material expenses	787	342
Others	1,008	350
Subtotal	**4,964**	**3,445**
Workforce employment cost for non-research and development staff	14,837	19,818
Direct production cost	–	–
Non-income taxes, royalties and other governmental charges	162	660
Contingency allowances	–	–
Product marketing	–	–
Subtotal	**14,999**	**20,478**

Working Capital Confirmation

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our business operations and mitigate the effects of fluctuations in cash flows. Our Directors are of the opinion that, taking into account the financial resources available, including cash and cash equivalents, financial assets at fair value through profit or loss which represents wealth management products we purchased, and unutilized bank facilities as of December 31, 2024 and the estimated [**REDACTED**] from the [**REDACTED**], as well as our cash burn rate, we

have sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses, other operating expenses and necessary capital expenditure for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, including pre-clinical studies and clinical development activities as well as our preparation for commercialization, and (ii) purchases of items of property, plant and equipment. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share being the low end of the indicative [**REDACTED**] stated in this document before the exercise of the [**REDACTED**]. Assuming an average cash burn rate going forward of 3.2 times of the level in 2024, we estimate that (i) our cash and cash equivalents, financial assets at FVTPL and bank deposits as of April 30, 2025 will be able to maintain our financial viability for [**REDACTED**] months from April 30, 2025, (ii) if we take into account [**REDACTED**] of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**] months, or, (iii) if we take into account all estimated [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing no earlier than six months after the completion of the [**REDACTED**].

See "Financial Information" for further details.

RISK FACTORS

[**REDACTED**] in the [**REDACTED**] involves certain risks as set out in "Risk Factors" in this document, which could be categorized into (i) risks relating to the development of our drug candidates, (ii) risks relating to the commercialization of our drug candidates, (iii) risks relating to the manufacturing of our drug candidates, (iv) risks relating to our financial position and need for additional capital, (v) risks relating to our intellectual property rights, (vi) risks relating to laws and regulations, (vii) risks relating to our operations, (viii) risks relating to doing business in the jurisdiction where we mainly operate, and (iii) risks relating to the [**REDACTED**]. Some of the major risks we are exposed to are as follows:

- Our business, financial condition, results of operations and prospects for the next couple of years are substantially dependent on the successful approval and commercialization of Efsubaglutide Alfa. If we are unable to successfully obtain regulatory approvals and achieve commercialization for Efsubaglutide Alfa, or if we experience significant delays or cost overruns in doing any of the foregoing, our business, financial condition, results of operations and prospects could be materially and adversely affected;

- We may not be able to fully realize the potentials of Efsubaglutide Alfa and achieve the clinical development to other therapeutic areas as we planned;

- If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates;

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

- We have limited experience in launching and marketing drug candidates. If we are unable to effectively build up our in-house commercialization team as we expected, manage our in-house sales network or benefit from the sales networks of third-party collaborators, or fails to effectively implement our online channel promotion strategies, or if we otherwise fail to effectively commercialize our drugs including Efsubaglutide Alfa, our business, financial condition, results of operations and prospects may be materially and adversely affected;

- We have no experience in manufacturing biopharmaceutical products on a large commercial scale and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products;

- We have incurred significant operating losses since our inception and anticipate that we may continue to incur operating losses for the next few years; and

- We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our drug candidates through intellectual property rights, including failure to successfully extend the patent term for certain drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Wang, founder of the Group, chairman of the Board, general manager of the Company and executive Director, was entitled to exercise approximately 36.07% of the voting rights in the Company through: (i) 46,219,556 Shares (representing approximately 11.00% of the voting rights in the Company) directly held by him; (ii) 65,374,748 Shares (representing approximately 15.56% of the voting rights in the Company) held by our Employee Incentive Platforms (namely, Guangzhou Nuosu, Guangzhou Nuopa and Guangzhou Nuotai), whose general partner was Shanghai Nuotang (an entity wholly-owned by Dr. Wang); (iii) 27,253,600 Shares (representing approximately 6.48% of the voting rights in the Company) held by Hong Kong Invengen, which entered into the Concert Party Agreement (as defined in "History, Development and Corporate Structure") with Dr. Wang; and (iv) 12,750,222 Shares (representing approximately 3.03% of the voting rights in the Company) held by Hong Kong Innogen (an entity wholly-owned by Dr. Wang). Therefore, Dr. Wang, Guangzhou Nuosu, Guangzhou Nuopa, Guangzhou Nuotai, Shanghai Nuotang, Hong Kong Invengen and Hong Kong Innogen constitutes a group of Controlling Shareholders of the Company.

Immediately after completion of the [**REDACTED**], the Controlling Shareholders will continue to control approximately [**REDACTED**]% of the voting rights in the Company (assuming that the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights in the Company (assuming that the [**REDACTED**] is exercised in full).

PRE-[REDACTED] INVESTMENTS

We have attracted certain Pre-[**REDACTED**] Investors and completed four rounds of financings as of the Latest Practicable Date since our establishment and raised a total of approximately RMB1,513.66 million from our Pre-[**REDACTED**] Investments for our business development. Our Pre-[**REDACTED**] Investors include Sophisticated Investors, such as KIP and Shenzhen Cowin (as defined in "History, Development and Corporate Structure"), each of whom has made meaningful investment in the Company at least six months before the [**REDACTED**] and will be interested in approximately [**REDACTED**]% and [**REDACTED**]% of the total issued share capital of the Company upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), respectively. For further details of the identity and background of the Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

DIVIDEND

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

[**REDACTED**]

SUMMARY

[**REDACTED**]

[**REDACTED**]

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**], and other fees incurred in connection with the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (accounting for approximately [**REDACTED**]% of our [**REDACTED**]). The estimated total [**REDACTED**] expenses consist of (i) [**REDACTED**] expenses (including but not limited to [**REDACTED**] and fees) of approximately RMB[**REDACTED**], and (ii) [**REDACTED**] expenses of approximately RMB[**REDACTED**], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**], and other fees and expenses of approximately RMB[**REDACTED**]. During the Track Record Period, we charged [**REDACTED**] expenses of RMB[**REDACTED**] to the consolidated statements of profit or

loss and other comprehensive income and we recognized [**REDACTED**] expenses of RMB[**REDACTED**] to our consolidated statements of financial position. We expect to incur [**REDACTED**] expenses of approximately RMB[**REDACTED**], of which RMB[**REDACTED**] is expected to be charged to our consolidated statements of profit and loss and RMB[**REDACTED**] is expected to be deducted from equity. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

USE OF [REDACTED]

We estimate that the aggregate [**REDACTED**] to our Company from the [**REDACTED**] will be approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] paid and payable by us taking into account any additional discretionary incentive fee and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share.

We intend to apply such [**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for ongoing and planned clinical trials and planned commercial launch of Efsubaglutide Alfa, our Core Product; and

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]" for further details.

RECENT DEVELOPMENT

No Material Adverse Change

We anticipate a substantial increase in net loss for 2025 compared to 2024, mainly because we expect to record an increase in (i) our selling and marketing expenses as a result of anticipated expansion of our sales and marketing team and enhanced marketing efforts following the commercialization of our Core Product in 2025, and (ii) research and development expenses, mainly driven by the initiation of the Phase IIb/III clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight and gradually scaled-up CMC production.

Our Directors confirm that, as of the date of this document, there had been no material adverse change in financial and trading positions or prospects of our Group since December 31, 2024, being the date on which our latest unaudited consolidated financial statements as set out in Appendix I to this document, and there had been no event since December 31, 2024 which would materially affect the information in the Accountants' Report set out in Appendix I to this document.

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

"Accountants' Report"	the accountants' report of the Company, the text of which is 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"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of the Company conditionally adopted on October 30, 2024 with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China", "Mainland China" or "PRC"	the People's Republic of China and for the purpose of this document only and for geographical reference only, except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong SAR, Macau Special Administrative Region and Taiwan Region
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "the Company"	Guangzhou Innogen Pharmaceutical Group Co., Ltd. (廣州銀諾醫藥集團股份有限公司), a limited liability company established under the laws of the PRC on December 5, 2014 and converted into a joint stock company with limited liability on December 6, 2022
"Compliance Adviser"	Gram Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Wang, Employee Incentive Platforms, Shanghai Nuotang, Hong Kong Invengen, Hong Kong Innogen, further details of which are set out in "Relationship with the Controlling Shareholders"
"conversion of Unlisted Shares into H Shares"	the conversion of Unlisted Shares held by certain Shareholders into H Shares, details of their interests in the Company and relevant procedures for the conversion of Unlisted Shares into H Shares are set out in "History, Development and Corporate Structure" and "Share Capital"
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are [**REDACTED**] and paid up in Renminbi, held by domestic investors and not [**REDACTED**] or [**REDACTED**] on any stock exchange
"Dr. Wang"	Dr. WANG QINGHUA, founder of the Group, chairman of the Board, executive Director, and general manager of the Company
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Employee Incentive Platforms"	Guangzhou Nuosu, Guangzhou Nuopa and Guangzhou Nuotai, or any one of them as the context may require
"Exchange Participant"	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, an independent market research and consulting company
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
	[**REDACTED**]
"Group", "we" or "us"	the Company and its subsidiaries
"Guangzhou Nuopa"	Guangzhou Nuopa Enterprise Management Partnership (Limited Partnership) (廣州諾帕企業管理合夥企業(有限合夥)) (formerly known as Shanghai Nuopa Pharmaceutical Partnership (Limited Partnership) (上海諾帕醫藥合夥企業(有限合夥)), a limited partnership established in the PRC on August 19, 2022
"Guangzhou Nuosu"	Guangzhou Nuosu Enterprise Management Partnership (Limited Partnership) (廣州諾蘇企業管理合夥企業(有限合夥)) (formerly known as Shanghai Nuosu Pharmaceutical Partnership (Limited Partnership) (上海諾蘇醫藥合夥企業(有限合夥)), a limited partnership established in the PRC on October 15, 2020
"Guangzhou Nuotai"	Guangzhou Nuotai Enterprise Management Partnership (Limited Partnership) (廣州諾肽企業管理合夥企業(有限合夥)) (formerly known as Shanghai Nuotai Pharmaceutical Partnership (Limited Partnership) (上海諾肽醫藥合夥企業(有限合夥)), a limited partnership established in the PRC on August 18, 2022
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange
	[**REDACTED**]
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong

"HKFRSs"	the Hong Kong Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the Hong Kong Accounting Standards Board (HKASB) and the Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Accounting Standards Committee (HKASC)
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"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 participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong", "HK" or "Hong Kong SAR"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Innogen"	Hong Kong Innogen Pharmaceutical Technology Co., Limited (香港銀諾醫藥技術有限公司), a limited liability company established in Hong Kong on November 17, 2014 and wholly-owned by Dr. Wang
"Hong Kong Invengen"	Hong Kong Invengen Pharmaceutical Technology Co., Limited (香港醫韻醫藥技術有限公司), a limited liability company established in Hong Kong on September 8, 2014, which entered into a concert party agreement with Dr. Wang, further details of which are set out in "History — Concert Party Arrangement"

[**REDACTED**]

"independent third party(ies)"	entity(ies) or person(s) which, to the best of the Directors' knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules

[**REDACTED**]

"Joint Sponsors", "[**REDACTED**]" and "[**REDACTED**]"	the joint sponsors, [**REDACTED**], [**REDACTED**] as named in "Directors, Supervisors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	May 30, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Nasdaq"	the National Association of Securities Dealers Automated Quotations
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC AoA Guidelines"	Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Commerce & Finance Law Offices, our legal advisor as to PRC law
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in the Company undertaken by the Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) as set out in "History, Development and Corporate Structure"
	[**REDACTED**]
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)

"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Sophisticated Investor(s)"	has the meaning ascribed to it under Chapter 2.3 of the Guide for New Listing Applicants issued by the Stock Exchange
	[REDACTED]
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy Committee"	the strategy committee of the Company
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"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
"Track Record Period"	the financial years ended December 31, 2023 and 2024
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"Trial Measures" or "Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023

[**REDACTED**]

"Unlisted Foreign Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each which is/are held by foreign investors and not listed on any stock exchange
"Unlisted Share(s)"	Domestic Share(s) and Unlisted Foreign Share(s)
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollar", "USD" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time
"VAT"	value-added tax
"%"	per cent

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

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

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

GLOSSARY OF TECHNICAL TERMS

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

"Aβ"	a protein that forms plaques in the brain that plays an important role in the pathological process of Alzheimer's disease
"AD"	Alzheimer's disease, a brain disorder that involves the deposits of Aβ proteins in the brain that cause the brain to shrink and brain cells to eventually die
"ADA"	the American Diabetes Association, a United States-based nonprofit organization that seeks to educate the public about diabetes and to help those affected by it through funding research to manage, cure and prevent diabetes
"ALT"	alanine aminotransferase, an enzyme found in the liver that helps convert proteins into energy for the liver cells, the level of which indicates liver damage, making it a biomarker commonly associated with injury or apoptosis of liver cells
"apoptosis"	a type of programed cell death
"AST"	aspartate aminotransferase, an enzyme found in the liver, heart, muscles and kidneys, high levels of which in the blood indicates hepatitis, cirrhosis, or other liver diseases
"ASCVD"	atherosclerotic cardiovascular disease, a heart disease caused by plaque buildup in arterial walls
"autoimmunity"	an immune response of an organism against its own healthy cells, tissues and other normal body constituents
"β-cell" or "pancreatic β-cell"	a type of endocrine cell in the pancreas that produces insulin
"bariatric surgery"	a surgical procedure to manage overweight and obesity and related conditions

"beta oxidation"	the process by which mitochondria breaks down fatty acid molecules
"BLA"	biologics license application, an application for approval to market, a biologic product
"BMI"	body mass index, a numerical value calculated from height and weight, providing a standardized measure to classify underweight, healthy weight, overweight, and obesity
"brain-gut axis targeting agent"	a type of drug for the treatment of Alzheimer's disease that targets the bidirectional communication between the central and the enteric nervous system
"CDE"	the Center for Drug Evaluation of the NMPA
"CDMO"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis, providing drug development and drug manufacturing services
"CDS"	the Chinese Diabetes Society, the leading national organization that fights against diabetes in China
"CMC"	chemistry, manufacturing, and controls, a term for the chemical composition, formulation, and quality control processes used in the manufacturing of a drug
"CHO cell"	a type of epithelial cell generated from the ovary of the Chinese hamster
"cholinesterase inhibitor"	a type of drug for the treatment of Alzheimer's disease that prevents the breakdown of the neurotransmitter acetylcholine or butyrylcholine
"comorbidity"	an additional medical condition or disease that coexists with a primary condition in a patient
"CRO"	contract research organization, a company that provides research services to pharmaceutical and biotechnology companies on a contract basis

GLOSSARY OF TECHNICAL TERMS

"cAMP"	cyclic adenosine monophosphate, a molecule that transmits signals inside cells
"diabetogenic T cells"	a subset of T lymphocytes that play a role in the pathogenesis of autoimmune diabetes, particularly type 1 diabetes
"double-blind"	a type of clinical trial in which neither the participants nor the researcher knows which treatment or intervention participants are receiving until the clinical trial is completed
"dose titration"	a gradual increase of the dosage
"DPP-4i"	the dipeptidyl peptidase-4 inhibitor, a type of drug for the treatment of diabetes
"duration of action"	the length of time that particular drug is effective
"EASD"	the European Association for the Study of Diabetes, a scientific association founded in Italy in 1965 that aims to encourage and support research in the field of diabetes
"EMA"	the European Medicines Agency, an agency of the European Union in charge of the evaluation and supervision of pharmaceutical products
"fasting plasma glucose (FPG) levels"	the measurement of glucose in the blood after an individual has fasted for a specified period before the test
"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"ghrelin"	a hormone primarily produced by enteroendocrine cells of the gastrointestinal tract, especially the stomach
"GHS-R"	ghrelin receptor, a protein found on the surface of certain cells in the body that binds to ghrelin, a hormone primarily produced in the stomach, which is a target of interest for developing innovative drugs for the treatment of overweight and obesity

"GLP-1"	glucagon-like peptide-1, a peptide hormone that exerts biological function through activation of GLP-1 receptors, which are expressing in various organs and tissues in the body, including adipose tissue, the liver, the cardiovascular system, and the central nervous system. In pancreatic islets, GLP-1 stimulates insulin secretion and suppresses glucagon release. Importantly, GLP-1 can increase cell regeneration. Furthermore, GLP-1-based therapy can also suppress appetite, delay gastric emptying, regulate blood lipid metabolism and reduce fat deposition.
"GLP-1-based therapy"	a class of therapy that mimics the biological function of GLP-1 for the treatment of diabetes, obesity and overweight, metabolic dysfunction-associated steatohepatitis, other metabolic diseases and Alzheimer's disease
"GLP-1 receptor agonist"	a class of drug that activates the GLP-1 receptor for the treatment of diabetes, obesity and overweight, metabolic dysfunction-associated steatohepatitis, other metabolic diseases
"glucagon"	a hormone that raises blood sugar levels by signaling the liver to release stored glucose
"glucagon receptor" or "GCGR"	a protein that is activated by glucagon that is a target of interest for developing innovative drugs for the treatment of diabetes
"glutamate receptor agonist"	a type of drug that activates receptors in the brain for the treatment of Alzheimer's disease
"half-life"	the time required for a quantity of substance to reduce to half of its initial quantity
"Hematoxylin and Eosin (H&E) staining"	the principal tissue stains used in histology
"HbA1c"	Hemoglobin A1c, a measure of blood sugar level
"hepatic gluconeogenesis"	a process of glucose synthesis from available precursors which plays a crucial role in maintaining glucose homeostasis to meet energy demands during prolonged starvation in animals

"HFD"	high-fat diet, a diet consisting of at least 35% of total calories is consumed from fats, both unsaturated and saturated
"homodimers"	a protein composed of two polypeptide chains that are identical in the order, number, and kind of their amino acid residues
"humanized GLP-1 receptor agonist"	a type of GLP-1 receptor agonist that has been modified to closely resemble human proteins, reducing the likelihood of immune system reactions and increasing compatibility in human patients
"hydrolytic enzyme"	a protein abundant in the gut and work by breaking down other molecules into smaller fragments
"hyperglycemia"	a condition in which an excessive amount of glucose circulates in the blood plasma
"IgG2 Fc"	immunoglobulin G2 crystallizable fragment, a specific fragment of the immunoglobulin G2 (IgG2) molecule
"IGT"	impaired glucose tolerance, a metabolic condition characterized by higher-than-normal blood sugar levels, a pre-condition for diabetes
"*in vitro*"	Latin for "within the glass", referring to studies that are performed with biological molecules outside their normal biological context
"*in vivo*"	Latin for "within the living", referring to studies in which the effects of various biological molecules are tested on whole, living organisms or cells, usually animals, including humans, and plants, as opposed to a tissue extract or dead organism
"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
"insulin"	a hormone that regulates blood glucose levels by facilitating the uptake of glucose from blood into cells and inhibiting the liver from producing more glucose

"liver fibrosis"	the excessive accumulation of extracellular matrix proteins including collagen that occurs in most types of chronic liver diseases
"lipotoxicity"	a metabolic syndrome that results from the accumulation of lipid intermediates in non-adipose tissue, leading to cellular dysfunction and death
"magnetic resonance imaging proton density fat fraction"	a measure of liver fat content
"metformin"	the main first-line medication for the treatment of T2D
"metabolic disease"	a kind of disorder that disrupts normal metabolism, the body's natural process of converting food into nutrients on a cellular level
"monotherapy"	the use of a single therapy
"MAFLD"	metabolic dysfunction-associated fatty liver disease, a range of liver conditions in individuals with metabolic dysfunction
"MASH"	metabolic dysfunction-associated steatohepatitis, the liver manifestation of a metabolic disorder, and the most severe form of MAFLD
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局)
"NRDL"	the National Reimbursement Drug List, a list that names all the drugs covered by the medical insurance program in full or partially in China
"obesity"	the abnormal or excessive fat accumulation in the body
"onset"	the amount of time it takes for a drug to start producing its therapeutic effects after administration
"open-label"	a type of clinical trial in which information is not withheld from trial participants
"overweight"	a term used to refer an excess body weight relative to height

"PCT patent application"	a patent application filed under the Patent Cooperation Treaty (PCT), an international patent law treaty, concluded in 1970, which provides a unified procedure for filing patent applications to protect inventions in each of its contracting states
"PD"	pharmacodynamics, the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"PK"	pharmacokinetics, the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"placebo"	a medical treatment or preparation with no specific pharmacological activity
"programmed cell death"	the death of a cell as a result of events inside of a cell, such as apoptosis or autophagy
"QA"	quality assurance, the systematic efforts taken to assure that a drug meets with all the quality expectations
"QC"	a process by which a company reviews the quality of all factors involved in the production of a drug
"regulatory T cell" or "Treg"	a subpopulation of T cells that modulate the immune system, maintain tolerance to self-antigens, and prevent autoimmune disease
"SAE"	the adverse medical event that results in death, is life-threatening, causes permanent or significant disability, requires hospitalization or extends hospital stays
"SGLT-2i"	sodium-glucose cotransporter-2 inhibitors, a class of medications used primarily in the treatment of type 2 diabetes that work by inhibiting the sodium-glucose cotransporter-2 protein in the kidneys, resulting in the reduction of blood glucose levels by promoting the excretion of excess glucose in the urine

"T1D"	type 1 diabetes mellitus, an autoimmune disease that originates when cells that make insulin are destroyed by the immune system
"T2D"	type 2 diabetes mellitus, a form of diabetes characterized by high blood sugar, insulin resistance and relative lack of insulin; the pancreas in T2D patient makes less insulin, and the body becomes resistant to insulin
"TEAE"	the adverse medical event occurring during the treatment period
"TRAE"	treatment related adverse events, means the TEAE determined to be related to the study medication
"TZD"	thiazolidinedione, a class of drugs used in the treatment of T2D

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of [**REDACTED**]." Forward-looking statements typically can be identified by the use of words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "estimate," "expect," "forecast," "goals," "intend," "may," "objective," "ought to," "outlook," "plan," "potential," "project," "schedules," "seek," "should," "target," "vision," "will," "would" and other similar terms. Forward-looking statements reflect the current views of the Directors 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 those listed in "Risk Factors," which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our capital expenditure plan;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and other partners to conduct our business;
- our planned use of [**REDACTED**];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;

- relevant government policies and regulations relating to our industry; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of the Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

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

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

RISKS RELATING TO THE DEVELOPMENT OF OUR DRUG CANDIDATES

Our business, financial condition, results of operations and prospects for the next couple of years are substantially dependent on the successful commercialization of Efsubaglutide Alfa and the successful regulatory approval for other drug candidates. If we are unable to successfully achieve commercialization for Efsubaglutide Alfa after we obtained the regulatory approval, if we fail to obtain regulatory approvals for other drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We have been primarily focusing on the development of Efsubaglutide Alfa since our inception and over the past few years. In 2023 and 2024, our research and development expenses amounted to RMB492.1 million and RMB102.5 million, respectively. In 2023 and 2024, we incurred research and development expenses for Efsubaglutide Alfa of RMB376.1 million and RMB98.1 million, respectively, representing 76.4% and 95.7% of our total research and development expenses for the same years, respectively. To date, we have received the regulatory approval for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for the treatment of Type 2 Diabetes (T2D) in China. However, other than Efsubaglutide Alfa, all of our drug candidates are at pre-clinical or IND-enabling stage. Therefore, our success and our ability to generate revenue in the next several years will depend on the revenue generated from the sales of Efsubaglutide Alfa and the successful regulatory approval, manufacture, marketing and commercialization of other pipeline products, both of which are subject to significant uncertainty. If we fail to successfully commercialize Efsubaglutide Alfa even if we received the regulatory approval, or if we fail to achieve successful regulatory approval and commercialization of other pipeline products, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our ability to generate sales revenue from Efsubaglutide Alfa and other drug candidates and our future profitability depends on a number of factors, including our ability to:

- achieve successful commercialization of Efsubaglutide Alfa after obtaining the regulatory approval and obtain regulatory approvals and marketing authorizations for other drug candidates;
- obtain market acceptance by hospitals, doctors, key opinion leaders ("KOLs") and others in the medical community for Efsubaglutide Alfa and other drug candidates as viable treatment options;
- set appropriate and favorable prices for Efsubaglutide Alfa and other drug candidates and obtain adequate reimbursement from third-party payers, including government payers;
- build up our in-house commercialization team and collaborate with third parties to launch and commercialize Efsubaglutide Alfa and other drug candidates;
- maintain commercially viable relationships with third party suppliers;
- address any competing technological and market developments; and
- maintain, protect and expand our portfolio of intellectual property rights, including patents, trade secrets, know-how, and others.

In addition, because of the numerous risks and uncertainties associated with regulatory approval, we are unable to predict the timing of such approval or amount of increased expenses, or when, or if, we will be able to achieve or maintain profitability. In addition, our expenses could increase beyond expectations if we are required by the competent regulatory authorities to perform studies in addition to those that we currently anticipate. Even though Efsubaglutide Alfa has received regulatory approval for the treatment of T2D, or if our other drug candidates are approved for commercial sale, we anticipate incurring significant costs associated with the commercial launch of these drugs.

Even if we are able to generate sales revenue from Efsubaglutide Alfa and other drug candidates, we may not become profitable and may need to obtain additional funding to continue operations. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. If we fail to become profitable or are unable to sustain profitability on a continuing basis, we may be unable to continue our operations at planned levels and be forced to reduce our operations. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, expand our business or continue our operations, which may adversely affect the [**REDACTED**] of our H Shares and could cause you to lose all or part of your [**REDACTED**].

We may not be able to fully realize the potentials of Efsubaglutide Alfa and achieve the clinical development to other therapeutic areas as we planned.

We have received the regulatory approval for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for the treatment of T2D in China. Currently, we are also developing Efsubaglutide Alfa for the treatment of other metabolic diseases, including overweight and obesity and metabolic dysfunction-associated steatohepatitis (MASH). For obesity and overweight, we obtained IND approval from the NMPA for a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in July 2023. We initiated this Phase IIa clinical trial in March 2024, and completed this trial in November 2024. For the treatment of MASH, we obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026. We will continue to build and expand our pipeline to address the unmet clinical needs in metabolic diseases. During the process, we may require additional technical, financial or other resources to enhance our existing research and development capabilities.

The successful development of Efsubaglutide Alfa for additional indications depends, to a large extent, on factors out of our control, such as initial safety and efficacy results of this drug for other indications, the availability of technical, financial or other resources to support our discovery effort, and the emergence of new scientific theories and methodologies in GLP-1 receptor agonist research and development. We cannot assure you that we will be able to fully realize the potentials of Efsubaglutide Alfa. We may fail to identify additional therapeutic opportunities for Efsubaglutide Alfa through internal research efforts, any of which could materially and adversely affect our future growth and prospects. Even if we do identify initially promising drug candidates, there is no guarantee that we will obtain favorable results in later clinical development of such candidates. Failure to successfully identify additional therapeutic opportunities for Efsubaglutide Alfa or any other future potential GLP-1 receptor agonists may materially and adversely affect our ability to expand our pipeline and grow our business.

If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

Before obtaining regulatory approval for the commercialization of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. If the results of clinical trials of our drug candidates are not positive or only modestly positive for proposed indications or if they raise safety concerns, some of the following could occur:

- regulatory approvals for our drug candidates would be delayed or denied;
- we may be required to conduct additional clinical trials or other testing of our drug candidates beyond our current development plan;
- we may be required to add labeling statements, such as a "boxed" warning or a contraindication;
- we may be required to create a medication guide outlining the risks of the side effects for distribution to patients;
- we may be required to implement a risk evaluation and mitigation strategy program, including but not limited to doctor communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk management tools;
- we may not be able to obtain regulatory approvals for all the proposed indications as intended;
- we may be subject to restrictions on how the drug is distributed or used;

- we may be sued or held liable for injury caused to individuals exposed to or taking our drug candidates;

- we may be unable to obtain reimbursement for use of the drug; and

- conditional regulatory approval of our drug candidates may require us to conduct confirmatory studies to verify the predicted clinical benefit and additional safety studies. The results from such studies may not support the clinical benefit, which would result in the approval being withdrawn.

Having expended a significant amount of capital to progress our drug candidates, if such drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in future clinical trials, we would not be able to realize any revenue on such drug candidates if they then or ultimately fail to receive regulatory approvals, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

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

Although a substantial amount of our effort will focus on the continued clinical trials, potential regulatory approval, and commercialization of our existing drug products, the success of our business depends in part upon our ability to discover, develop, license, or commercialize additional drug candidates. However, we may not be successful in discovering and developing new drug candidates.

Research programs to identify new drug candidates and drug targets or to pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources. Our research programs may initially show promising results in identifying potential indications and/or drug candidates, yet fail to yield favorable results for clinical development for a number of reasons, including but not limited to the following factors:

- the research methodology used may not be successful in identifying potential indications and/or new drug candidates;

- there may be a lack of transferability of experimental results obtained in the pre-clinical studies into clinical treatment and safety outcomes in human subjects, including unexpected toxicities in humans;

- potential drug candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to achieve desired safety and efficacy;

- it may take greater resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates, thereby limiting our ability to diversify and expand our drug portfolio; or

- we may not be able to manufacture the right dosage form to match the appropriate route of administration during the development of our drug candidates.

Consequently, there can be no assurance that we will be able to identify new drug candidates or additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially and adversely affect our future growth and prospects. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful.

Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to achieve the clinical development results of our drug candidates as we expected, or at all.

Clinical trials are expensive, difficult to design and implement, and can take years to complete, with uncertainty as to the outcomes. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidates, including but not limited to:

- regulators may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- regulators may require that we or our investigators suspend or terminate clinical research for various reasons such as non-compliance with regulatory requirements;

- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;

- our drug candidates may lack meaningful clinical responses, which may expose the participants to unacceptable health and safety risks;

- our drug candidates may cause adverse events, have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials;

- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate;

- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;

- our CROs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- the costs of clinical trials of our drug candidates may be substantially higher than anticipated; and

- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, or if we are unable to successfully complete clinical trials of our drug candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may be delayed in obtaining regulatory approval for our drug candidates or not obtain regulatory approval at all, or obtain approval for proposed indications that are not as broad as intended. We may have the drug removed from the market even after obtaining regulatory approval. We may also be subject to additional post-marketing testing requirements and restrictions on how the drug is distributed or used. We may be unable to obtain reimbursement for use of the drug.

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

If we encounter delays or difficulties enrolling participants in our clinical trials, clinical development of our drug candidates could be delayed or otherwise adversely affected.

The successful and timely completion of clinical trials in accordance with their protocols depends on, among other things, our ability to timely enroll a sufficient number of patients who opt to participate and remain in the trial until its conclusion. We may fail to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in our clinical trials as required by the NMPA, the FDA or similar regulatory authorities, or if there are delays in the enrollment of eligible patients as a result of the competitive clinical enrollment environment. The inability to enroll a sufficient number of patients who meet the applicable criteria for our clinical trials would result in significant delays. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including but not limited to:

- the design of the trial;

- the patient eligibility criteria defined in the protocol;

- clinicians' and patients' perceptions of the potential advantages and side effects of the drug candidate being studied compared to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating;

- the availability of approved therapies that are similar in mechanism to our drug candidates;

- the size and demographics of the patient population;

- the size of the study population required for analysis of the trial's primary endpoints;

- the experience and competencies of our third-party collaborators such as our CROs;

- our ability to select clinical trial sites and to recruit clinical trial investigators with the appropriate competencies and experience; and

- the proximity and availability of trial sites for prospective patients or participants.

In addition, our clinical trials may compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients may opt to enroll in a trial conducted by one of our competitors instead of ours. As the number of qualified clinical investigators and clinical trial sites is limited, we may conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites.

Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent completion of these trials and materially and adversely affect our ability to advance the development of our drug candidates.

Results of earlier studies and clinical trials may not be predictive of results of later-stage clinical trials.

The results of pre-clinical studies and early clinical trials may not be predictive of the success of later phase clinical trials, and favorable initial or interim results of a clinical trial do not necessarily predict successful final results. Our drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials.

In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, changes in trial procedures set forth in protocols, differences in the size and demographics of the patient populations, including genetic differences, patient adherence to the dosing regimen, other trial protocol elements and the rate of dropout among clinical trial

participants. As drug candidates are developed through pre-clinical and clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Differences in the number of clinical trial sites and countries involved may also lead to variability between earlier and later-phase clinical trials. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives. In addition, our future clinical trial results may differ from earlier trials and may not be favorable. Even if our future clinical trial results show favorable efficacy, not all patients may benefit. Therefore, the results of planned clinical trials or other future clinical trials could be significantly different, which could result in delays in the completion of clinical trials, regulatory approvals and commencement of commercialization of our drug candidates. If so, we would have expended a significant amount of capital to progress the relevant drug candidates to that stage, and would not realize any revenue on such drug candidate if it then ultimately failed to receive regulatory approval due to poor clinical trial results. Such an uncompensated expenditure could materially and adversely affect our business, financial condition, results of operations and prospects.

Our drug candidates may cause undesirable adverse events.

Undesirable adverse events caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, the FDA and other comparable regulatory authorities. Results of our clinical trials could reveal a high and unacceptable severity or prevalence of adverse events. In such an event, our clinical trials could be suspended or terminated and the NMPA, the FDA and other comparable regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. Drug-related adverse events could affect patient recruitment or the ability of enrolled subjects to complete the trial, and could result in potential product liability claims. Any of these occurrences may harm our reputation, business, financial condition, results of operations and prospects significantly.

In addition, if one or more of our drug candidates receives regulatory approval, and we or others later identify undesirable side effects caused by such drugs, it could result in a number of potentially significant negative consequences, including but not limited to, the following situations whereby:

- we may be forced to suspend marketing of the drug;
- regulatory authorities may withdraw approvals for the commercial sales of the drug;
- regulatory authorities may require additional warnings on the label;
- we may be required to develop risk evaluation and mitigation measures for the drug or, if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;

- we may be required to conduct post-market studies;
- we could be required to recall our products and be sued and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, if approved, and could significantly harm our business, financial condition, results of operations and prospects.

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

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for selected indications. In 2023 and 2024, we incurred research and development expenses for Efsubaglutide Alfa of RMB376.1 million and RMB98.1 million, respectively, representing 76.4% and 95.7% of our total research and development expenses for the same years, respectively. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products. Accordingly, our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. If we cannot accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a collaboration arrangement.

If we cannot maintain or develop clinical collaborations and relationships with our principal investigators, key opinion leaders, physicians and experts, our results of operations and prospects could be adversely affected.

Our relationships with principal investigators ("PIs"), KOLs, physicians and experts play an important role in our research and development and marketing activities. We have established extensive interaction channels with PIs, KOLs, physicians and experts to gain first-hand knowledge of unmet clinical needs and clinical practice trends, which is critical to our ability to develop new market-responsive drugs. However, we cannot assure you that we will be able to maintain or strengthen our clinical collaborations and relationships with our PIs, KOLs, physicians and experts, or that our efforts to maintain or strengthen such relationships will yield the successful development and marketing of new products. These industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or cooperate with our competitors instead. Even if they continue to cooperate

with us, their market insights and perceptions, which we take into account in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. Industry participants may no longer want to collaborate with us or attend our conferences, and our marketing strategy may no longer be able to yield results that are commensurate to our efforts spent. If we are unable to develop new drugs or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We work with CROs and other collaboration partners to develop our drug candidates. If these third parties fail to duly perform their contractual obligations or meet expected timelines, we may be unable to obtain regulatory approvals for, or commercialize, our drug candidates.

We have worked with and plan to continue to work with third-party CROs to monitor and manage data for our ongoing pre-clinical and clinical programs. We work with these parties to execute our pre-clinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocols, legal and regulatory requirements and scientific standards, and our collaboration with the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCP, which are regulations and guidelines enforced by the NMPA, the FDA, and other comparable regulatory authorities for all of our drugs in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA, or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under GMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms or in a timely manner. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and non-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our drug candidates. If our CROs err in their experimental operations, the development projects of our drug candidates may be delayed or adversely affected. Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. If any of the foregoing events occurs, our results of operations and the commercial prospects for our drug candidates would be adversely affected, our costs could increase and our ability to generate revenue could be delayed.

Our future revenue is dependent on our ability to work effectively with collaboration partners to develop our drug candidates, including to obtain regulatory approval. Our arrangements with collaboration partners will be critical to successfully bringing drug candidates to market and commercializing them. We rely on collaboration partners in various respects, including to undertake research and development programs and conduct clinical trials, manage or assist with the regulatory filings and approval process and to assist with our commercialization efforts. We cannot guarantee the satisfactory performance of any of our collaboration partners and if any of our collaboration partners breach or terminate their agreements with us, we may not be able to successfully commercialize our drug candidates which could materially and adversely affect our business, financial condition, cash flows and results of operations.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR DRUG CANDIDATES

We have limited experience in launching and marketing drug products. If we are unable to effectively build up our in-house commercialization team as we expected, manage our in-house sales network or benefit from the sales networks of third-party collaborators, or fails to effectively implement our online channel promotion strategies, or if we otherwise fail to effectively commercialize our drugs including Efsubaglutide Alfa after obtaining the regulatory approval, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have not yet demonstrated an ability to launch and commercialize any of our drug products, including Efsubaglutide Alfa, for which we have received the regulatory approval both as a monotherapy and in combination with metformin for the treatment of T2D in China. Our ability to successfully commercialize our Core Product and other drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in launching and marketing drug candidates. We will be competing with many companies that currently have commercialization teams and extensive sales and marketing operations. With limited experience in sales and marketing, we may be unable to compete successfully against these more established companies.

We are building up our in-house commercialization team in preparation of our Efsubaglutide Alfa. We also plan to conduct scientific and promotion activities to increase the awareness and market penetration of Efsubaglutide Alfa following its commercial launch in China in February 2025. The commercialization of products such as Efsubaglutide Alfa requires significant expenditures, management resources and time. We may not be able to implement our commercialization strategies successfully. We will have to continuously compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities, we will likely encounter difficulties in expanding our sales network for our commercialization.

We plan to partner with various third parties such as retailers, offline stores and online channels for the sales and marketing of our drugs, particularly for the commercialization of Efsubaglutide Alfa. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Revenue to be generated from product sales will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower if our collaborating third parties do not perform as expected. We will also face competition in our engagement of third parties to assist us with the sales and marketing efforts for our Core Product and other drug candidates.

There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities to successfully commercialize our Core Product or any of our drug candidates, if and when approved, nor can we assure that we will be able to establish or maintain relationships with third-party collaboration partners for effective sales and marketing of our Efsubaglutide Alfa. As a result, we may not be able to generate product sales revenue as planned and our business and prospects may suffer.

If our products including Efsubaglutide Alfa are not included in or are removed from national, provincial or other government sponsored medical insurance programs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The successful commercialization of our drugs when approved, particularly our Efsubaglutide Alfa, depends in part on the extent to which reimbursement for these drugs and related treatments will be available from relevant health administrative authorities, private health insurers and other organizations. The regulations that govern reimbursement for new therapeutic drugs vary substantially from country to country. In China, the National Reimbursement Drug List ("NRDL") (《國家醫保藥品目錄》) and Provincial Reimbursement Drug Lists ("PRDL") (《省級醫保藥品目錄》) include drugs under the National Medical Insurance Catalogue, which affect the amounts reimbursable to program participants for those drugs. There can be no assurance that any of our drug products will be included in the NRDL or the PRDL after approval for commercial sale. Pharmaceutical products included in the NRDL or the PRDL are typically generic and essential drugs. Innovative drugs similar to our drug products have historically been more limited on their inclusion in the NRDL or the PRDL due to cost constraints. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL or the PRDL, our revenue from commercial sales will be highly dependent on patient self-payment, which can make our products less competitive.

Government authorities and third-party payers, such as private health insurers and healthcare organizations, decide which medications they will pay for and stipulate reimbursement levels. With the trend of cost containment in the global healthcare industry, government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. There are an increasing number of third-party payers requiring companies to provide them with predetermined

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

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the indications and purposes for which the drug candidates are approved by the NMPA, the FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may be subject to change. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for drugs with lower cost that have been covered in reimbursement policies, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by governmental healthcare programs or private payers and by any future lift or relaxation of laws and regulations that presently restrict imports of drugs from countries where they may be sold at lower prices than in the jurisdictions in which we operate or have a presence. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face intense competition and rapid technological change. If our competitors develop therapies that are similar, more advanced, or more effective than ours, or launch biosimilar products and therapies ahead of us, our financial condition and results of operations and our ability to successfully commercialize our drug candidates could be materially and adversely affected.

The development and commercialization of new drugs, especially biopharmaceutical products, is highly competitive. We face competition from other pharmaceutical companies and biopharmaceutical companies worldwide. There are a number of large pharmaceutical and biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications for which we are developing our drug candidates. Many of our competitors have significantly greater financial, development, manufacturing, marketing, sales and supply resources or experience than we do. Our commercial opportunity and success will be reduced or eliminated, if any competing products become available that are more effective or cost-efficient than ours.

In particular, we face intense competition from existing products and product candidates under development for the treatment of T2D, obesity and overweight, MASH and other targeted diseases. For example, as of the Latest Practicable Date, a total of 11 GLP-1 receptor agonist drugs were approved globally (including China) for the treatment of T2D, of which four are humanized, long-acting GLP-1 receptor agonists. In 2024, the market share of these three humanized, long-acting GLP-1 receptor agonists, namely Dulaglutide, Semaglutide and Tirzepatide, accounted for 83% of the global GLP-1-based therapy market. There are also a number of humanized, long-acting GLP-1 receptor agonists under clinical development globally and in China. We may also face potential competition from existing products used off-label for obesity and overweight and MASH. Those existing products may also be developed to expand their indications targeted by Efsubaglutide Alfa. As multiple product candidates are currently in clinical trials for each of the targeted indications of Efsubaglutide Alfa, our development and commercialization of Efsubaglutide Alfa for such indications may be adversely affected by some or all of such product candidates that receive NDA/BLA approvals prior to or after Efsubaglutide Alfa.

Efsubaglutide Alfa and future approved drug candidates may fail to achieve or maintain the degree of market acceptance by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community necessary for commercial success.

Even though we have obtained regulatory approval for Efsubaglutide Alfa, or if our other existing and future drug candidates receive requisite regulatory approvals for commercialization, such drug products may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. If our drug products do not achieve an adequate level of acceptance, the commercialization of such drug products may become less successful or profitable than we had expected. The degree of market acceptance of our drug products, if approved for commercial sale, will depend on a number of factors, including, but not limited to:

- the clinical indications for which our drug products are approved;
- physicians, hospitals, medical treatment centers and patients considering our drug products as a safe and effective treatment;
- the potential and perceived advantages of our drug products over alternative treatments;
- the prevalence and severity of any side effects;
- product labelling or package insert requirements of regulatory authorities;
- limitations or warnings contained in the labelling approved by regulatory authorities;
- the timing of market introduction of our drug products as well as competitive drugs;

- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage and reimbursement under the NRDL, the PRDL and other government-sponsored medical insurance programs in the PRC, or from third-party payers and government authorities in other jurisdictions;
- price control or downward adjustment by the government authorities or other pricing pressure, including the price reduction during the negotiation for inclusion in the NRDL;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies;
- adverse publicity about our products or favorable publicity about competitive products; and
- the effectiveness of our sales and marketing efforts.

If Efsubaglutide Alfa or any approved drug candidates that we commercialize in the future fail to achieve market acceptance among physicians, patients, hospitals, medical treatment centers or others in the medical community, we will not be able to generate revenue as we expect. Even if Efsubaglutide Alfa or our future approved drug candidates achieve market acceptance, we may not be able to maintain such market acceptance over time if new products or technologies are introduced that are more favorably received than our drug products, are more cost-effective or render our drug products obsolete. Our failure to achieve or maintain market acceptance for Efsubaglutide Alfa or our future approved drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

We may explore opportunities to commercialize Efsubaglutide Alfa or other drug candidates globally, which may expose us to risks associated with conducting business in international markets.

Currently, we mainly operate and conduct our clinical trials in the PRC. For MASH, we obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026. Meanwhile, global markets are an important component of our growth strategy and we will explore opportunities to commercialize Efsubaglutide Alfa or other drug candidates globally. As a result, we could be subject to risks associated with doing business globally, and our business and financial performance in the future could be adversely affected due to a variety of factors, including:

- changes in the political and cultural climate or economic condition of a specific country or region, especially our target markets;

- unexpected changes in laws and regulatory requirements in local jurisdictions;
- differences between national and local practice with respect to laws and regulatory requirements in a specific jurisdiction;
- difficulty of effective enforcement of contractual provisions in certain jurisdictions;
- concerns of local governments and regulators on our research and trial sites and on the relevant management arrangements;
- differences in the regulatory regimes for the development and commercialization of biopharmaceutical products in different jurisdictions;
- efforts to develop an international sales, marketing and distribution organization, which may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;
- the occurrence of economic weakness, including inflation or political instability;
- the burden of complying with a variety of foreign laws including difficulties in effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in certain jurisdictions;
- enforcement of anti-corruption and anti-bribery laws;
- trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;
- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;
- the effects of applicable local tax regimes and potentially adverse tax consequences;
- significant adverse changes in local currency exchange rates;
- business interruptions resulting from geo-political actions and cultural climate or economic condition such as war and acts of terrorism, natural disasters such as earthquakes, volcanoes, typhoons, floods, hurricanes and fires, or the impact of public health pandemics or epidemics such as monkeypox, Ebola, Zika and COVID-19.

The occurrence of any one or more of these risks of doing business internationally, alone or in the aggregate, could materially adversely affect our business, financial condition, results of operations and prospects.

The market size and opportunities of our drug products might be smaller than we expected.

Our estimates regarding our eligible patient population, pricing and available coverage and reimbursement determine our estimated market size, which may differ significantly from the actual markets addressable by our drug products. Our estimates of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our drug products, are based on our beliefs and analysis. These estimates have been derived from a variety of sources, including patient foundations or market research, and may prove to be inaccurate. Further, new studies may change the estimated incidence or prevalence of the diseases we are targeting. The number of our target patients may turn out to be lower than expected. Likewise, the potentially addressable patient population for each of our drug products may be limited or may not be receptive to treatment with our drug products, and new patients may become increasingly difficult to identify or access. If the market opportunities for our drug products are smaller than we estimated, it could have an adverse effect on our business, financial condition, results of operations and prospects.

We are developing Efsubaglutide Alfa and other drug candidates for the treatment of diabetes, obesity and overweight, MASH and AD. However, given the presence of existing and potential alternative treatment options for our targeted indications as well as various prevention methods, such as lifestyle changes, regular exercise and weight management, the market potential of drug products may be limited. As a result, even though the number of patients of our targeted indications may be large, the actual addressable patients of our drug products may be limited and smaller than we expected.

We intend to work with third parties for the commercialization of Efsubaglutide Alfa and other drug candidates. We may fail to identify competent third parties for such purposes, fail to achieve the expected synergies with the clinical development partners, and have little or no control over the marketing and sales efforts of the commercialization partners.

We plan to pursue collaborative arrangements with third parties regarding the sales and marketing of our approved products in China, particularly Efsubaglutide Alfa following its approval in January 2025. However, we may have little or no control over the marketing and sales efforts of those third parties beyond the contractual terms. Therefore, the actual revenue generated from the commercialization collaboration may be lower than the anticipated revenue. We also face competition in our engagement of third parties to assist us with the sales and marketing efforts of our product candidates. We cannot assure you that we will be able to establish or maintain relationships with third-party collaborators at all, or within the desired timeframe, to successfully commercialize our product candidates, and as a result, we may not be able to generate product revenue.

We may also explore the potentials of our approved products, particularly Efsubaglutide Alfa, in overseas market by collaborating with qualified local partners. However, we may not be able to identify suitable partners, or to achieve the revenue and cost synergies expected from the collaboration. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. Even if we achieve the expected benefits, they may not be achieved within the anticipated timeframe. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

Also, disputes may arise between us and our collaboration partners. Such disputes may cause delay or termination of commercialization of our drug products after their market launch, or may result in costly litigation or arbitration that diverts management attention and resources. We may not be able to find a suitable replacement in a timely or cost-effective manner, or at all. If we are unable to reach agreements with suitable third parties on commercially reasonable terms, or at all, the commercialization of Efsubaglutide Alfa and other drug candidates can be delayed or adversely affected, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may experience difficulties in our sales efforts as a result of pricing regulations or other policies that are intended to reduce healthcare costs, which could subject us to pricing and volume pressures and adversely affect our business, financial condition and results of operations.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Some countries require approvals of the sale price of a drug before marketing. In many countries, the pricing review period commences after marketing or licensing approvals are granted. In some markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approvals are granted. As a result, we might obtain regulatory approvals for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact the revenue we are able to generate from the sale of the drug in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approvals.

It is typical that the prices of pharmaceutical products will decline over the life of the products as a result of, among other things, the centralized tender process, government pricing regulation, or increased competition from substitute products, including due to price adjustments by pharmaceutical companies (producers of the originator brands), whether or not voluntarily or as a result of government regulations or policies. The importation of competing products from countries where government price controls or other market dynamics result in lower prices may also exert downward pressure on the prices of pharmaceutical products.

Prices of our products, if approved, may be susceptible to pricing pressure coming from competing products. We plan to include in our future distribution agreements with relevant distributors terms that allow us to adjust the supply price of our products in the event of a price change as a result of regulatory or policy changes or centralized tender processes. However, in the event that any retail price changes after our products are delivered to our distributors but before they are sold to medical institutions, we may bear the upside potential as well as downside risk from any such retail price change for the relevant products.

In addition, the relevant government authorities may change the schemes of pricing control and statutory tender processes for pharmaceutical products or revise other policies affecting prices of pharmaceutical products. Any development of policies could create uncertainties materially and adversely affecting our product pricing, and accordingly, our revenue and profitability.

If the prices of our products decline due to government pricing regulation, emergence of substitute products or other market factors, we may not be able to mitigate the adverse effects of such price reduction without incurring substantial expenses to improve our products, and our business and profitability could be materially and adversely affected.

Negative results from off-label drug use of our drug products could adversely impact our business, financial condition, results of operations and prospects and expose us to liability claims.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. In particular, we have received the regulatory approval for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for the treatment of T2D in China and we are also developing it for the treatment of obesity and overweight and MASH. Even though the NMPA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that Efsubaglutide Alfa is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse drug reactions or adverse events. Any of these occurrences can create negative publicity and materially and adversely affect our reputation, brand image, commercial operations and financial condition, including our share price. These occurrences may also expose us to liability and cause a delay in the progress of our clinical trials and may ultimately result in failure to obtain regulatory approval for the treatment of new indications for Efsubaglutide Alfa and other drug candidates.

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

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' drugs and drug candidates. Any

such guidelines, recommendations or studies that reflect negatively on our drug products, either directly or indirectly relative to our competitive drug products, could result in current or potential decreased use of, sales of, and revenue from one or more of our drug products. Furthermore, our success depends in part on our ability to educate healthcare providers and patients about our drug products, and these education efforts could be rendered ineffective by, among other things, third-parties' guidelines, recommendations or studies. As a result, our business, reputation, financial condition and results of operations could be adversely affected.

RISKS RELATING TO THE MANUFACTURING OF OUR DRUG CANDIDATES

We have no experience in manufacturing biopharmaceutical products on a large commercial scale and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products.

As of the Latest Practicable Date, we had not established any manufacturing facility for clinical and commercialization scale. We currently outsource the production of our drug candidates to an industry recognized CDMO in China. We have no experience in large-scale manufacturing of our drug products for commercial use. Anticipating future commercialization, we plan to continue to engage third-party CDMOs to manufacture our approved drug products. We may in the future establish our own manufacturing facilities to support our development and commercialization.

Manufacturing methods and formulation are sometimes altered through the development of drug candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause the drug products to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of drug products and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in drug approvals and jeopardize our ability to commence product sales and generate revenue.

We may also encounter problems with achieving adequate or clinical-grade products that meet the standards or specifications of the NMPA, the FDA, or other comparable regulatory agencies, and maintaining consistent and acceptable production costs. We may experience shortages of qualified personnel, raw materials or key contractors, and experience unexpected damage to our facilities or the equipment. In these cases, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our drugs with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our drugs for commercial sales. Moreover, we may spend significant time and costs to rectify these deficiencies before we can continue production.

We currently rely on a CDMO to manufacture our drug candidates for clinical development, and we may continue to rely on third parties to manufacture our drug candidates for commercial sales at the beginning of the commercialization of Efsubaglutide Alfa. Our business could be adversely affected if those third parties fail to deliver sufficient quantities of quality products.

As of the Latest Practicable Date, we had not established any manufacturing facility for clinical and commercialization scale. We currently outsource the production of our drug candidates to an industry recognized CDMO in China. In the near term, we will collaborate with our CDMO partner to achieve initial commercial-scale manufacturing and supply of the product. Reliance on the CDMO would expose us to the following risks:

- if the CDMO faces production issues, such as capacity constraints or supply chain disruptions, it could lead to delays in the availability of drug products for clinical trials or commercialization. This could slow down the development timelines or prevent the drug from reaching the market on time;

- if the CDMO produces substandard or defective products, it could compromise the integrity and safety of the drug. This could lead to clinical trial failures, regulatory delays, or even safety recalls after the drug has been commercialized. Such issues could severely harm our reputation and market trust;

- relying on CDMO means our Company have less control over the production process, which could expose us to unforeseen risks like operational inefficiencies or failure to meet market demand;

- if the CDMO increase its prices or encounter cost-related issues, it could result in higher production costs for us, affecting our profitability;

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

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

- manufacturers are subject to ongoing periodic unannounced inspection and other government regulations by the NMPA, the FDA or other comparable regulatory authorities to ensure strict compliance with GMP. We do not have control over the CDMO's compliance with these regulations and requirements;

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

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

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our CDMO partner and critical raw material suppliers may be subject to inclement weather, as well as natural or man-made disasters.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, or result in higher costs or adversely impact the commercialization of Efsubaglutide Alfa and other drug candidates.

Manufacturers of biopharmaceutical products often encounter problems including logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel, as well as compliance with strictly enforced laws and regulations. Furthermore, if contaminants are discovered in our supply of our products or in the manufacturing facilities of our CDMO partner, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability failures or other issues relating to the manufacture of our products will not occur in the future in relation with our CDMO partner. Additionally, our CDMO partner may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our CDMO partner were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide Efsubaglutide Alfa or any future approved drug candidates for commercial sales and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

Any delays in completing and receiving regulatory approvals for our manufacturing facilities, or any disruption in the development of new facilities, could reduce or restrict our production capacity or our ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not established any manufacturing facility for clinical and commercialization scale. We currently outsource the production of our drug candidates to an industry recognized CDMO in China. We may construct our own manufacturing facilities in the future to support clinical and/or commercialization scale demands. However, we cannot assure you that we will be able to acquire the land use rights necessary for construction when we intend to do so. Moreover, the construction of such manufacturing facilities may encounter delays or interruptions due to a number of factors, some of which are beyond our control. Such delays and interruptions could reduce or restrict our production capacity, slow down our drug development and commercialization efforts, especially if we could not source manufacturing to a third party in a timely or cost-effective manner. We may also experience various unfavorable events in the course of developing our new manufacturing facilities, such as unforeseen delays due to construction, land use rights or regulatory issues, which could result in loss of business opportunities; construction cost overruns, which may require diverting resources and management's attention from other projects; and difficulty in finding sufficient numbers of trained and qualified staff. Any of the foregoing could have a material and adverse effect on our business operations, financial condition and results of operations.

Our manufacturing facilities are required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the NMPA, the FDA, or other comparable regulatory authorities to ensure compliance with GMP regulations. Further, we will be subject to continual review and inspections to assess compliance with GMP and adherence to commitments made in any NDA, other marketing application, and previous responses to any inspection observations. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control. We cannot guarantee that we will be able to adequately follow and document our adherence to such GMP regulations or other regulatory requirements, which may lead to significant delays in the availability of products for clinical or, in the future, commercial use, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our drug candidates or their commercialization, if approved. Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, a requirement to suspend or put on hold one or more of our clinical trials, failure of regulatory authorities to grant marketing approval of our drug candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of our drug candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

The manufacture of biopharmaceutical products is a highly exacting and complex process. If we encounter problems in manufacturing our products, our business could be materially and adversely affected.

The manufacturing of biopharmaceutical products is highly complex. Problems may arise during manufacturing for a variety of reasons, including but not limited to:

- equipment malfunction;
- failure to follow specific protocols and procedures;
- changes in product specification;
- low quality or insufficient supply of raw materials;
- delays in the construction of new facilities as a result of changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements;
- changes in the types of products produced;
- advances in manufacturing techniques;
- physical limitations that could inhibit continuous supply; and
- man-made or natural disasters and other environmental factors.

Products with quality issues may have to be discarded, resulting in product shortages or additional expenses. This could lead to, among other things, increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. We face additional manufacturing risks in relation to the CDMO that we may engage from time to time. For details, please refer to the paragraphs headed "— Risks Relating to the Manufacturing of Our Drug Candidates — We currently rely on a CDMO to manufacture our drug candidates for clinical development, and we may continue to rely on third parties to manufacture our drug candidates for commercial sales at the beginning of the commercialization of Efsubaglutide Alfa. Our business could be adversely affected if those third parties fail to deliver sufficient quantities of quality products" in this document.

If we are unable to meet the increasing demand for Efsubaglutide Alfa and future drug products by ensuring that we or the third-party manufactures have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business and financial condition would be materially and adversely affected.

To produce Efsubaglutide Alfa or other drug candidates in the quantities that we believe will be required to meet their anticipated market demand, we will need to substantially increase, or scale up, the production process. If the scale up is delayed, the cost of this scale up is not economically feasible for us, or we cannot find a third-party supplier, we may not be able to produce our drug products in a sufficient quantity to meet future demand.

Following the commercialization of Efsubaglutide Alfa, we may construct our own manufacturing facilities in the future. However, the timing and success of our capacity expansion are subject to significant uncertainty. Moreover, such plan is capital intensive and requires significant upfront investment, and there can be no assurance that we will be able to timely obtain such financing, if at all. For details, please refer to the paragraphs headed "— Risks Relating to the Manufacturing of Our Drug Candidates — Any delays in completing and receiving regulatory approvals for our manufacturing facilities, or any disruption in the development of new facilities, could reduce or restrict our production capacity or our ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations" in this document.

Furthermore, we may not be able to fully utilize our new manufacturing facilities immediately or within a reasonable period of time after we commence the operation of such facilities. During the construction and ramp-up period, there may be significant changes in the biopharmaceutical industry, including, among others, market demand, product and supply pricing, and customer preferences. Any adverse trends in these respects could result in operational inefficiency and excess capacity in our manufacturing facilities.

We are implementing a phased strategy for the commercial manufacturing of Efsubaglutide Alfa. In the near term, we will collaborate with our CDMO partner to achieve initial commercial-scale manufacturing and supply of the product. As we progress through commercialization, we plan to establish our own manufacturing facilities to build up our in-house commercial production capacity for Efsubaglutide Alfa in the future. We may face additional manufacturing risks in relation to such third-party manufacturers. We cannot assure you that the third-party manufacturers engaged by us will be able to produce the quantity and quality required to meet our clinical and commercial needs. For details, please refer to the paragraphs headed "— Risks Relating to the Manufacturing of Our Drug Candidates — We currently rely on third-party manufacturers to manufacture our drug candidates for clinical development, and we may continue to rely on third parties to manufacture our drug candidates for commercial sales at the beginning of the commercialization of Efsubaglutide Alfa. Our business could be adversely affected if those third parties fail to deliver sufficient quantities of quality products" in this document.

The success of our business expansion also depends on our ability to advance drug candidates through the development, regulatory approval and commercialization stages. Any delay, suspension or termination in such respects would harm our ability to generate satisfactory returns on our investment in manufacturing expansion, if at all, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to maintain effective quality control over our drug products.

The quality of our products, including drug manufactured or to be manufactured by our CDMO partner and drugs to be manufactured by us for commercial use in the future, depends significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes used in manufacturing facilities, the quality and reliability of equipment used, the quality of manufacturing staff and related training programs and our ability to ensure that manufacturing employees adhere to our quality control and quality assurance protocol. We have established dedicated quality assurance and quality control teams to oversee the development, manufacturing, and commercialization quality systems of our drug candidates. For details, please refer to the paragraphs headed "Business — Our Platforms — CMC — Quality Assurance and Control" in this document. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products unsuitable for use, jeopardize any GMP certifications we may have and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

Our operations are dependent on the supply of certain raw materials. If the supply of raw materials decreases or the cost increases, our ability to conduct our business could be materially impaired and our operations, revenue and profitability could be adversely affected.

Our business operations require a substantial amount of raw materials as well as equipment and other materials needed for research and development and manufacturing purposes, and are therefore exposed to various supply chain risks. During the Track Record Period, we relied on third parties to supply certain materials. We expect to continue to rely on third parties to supply such materials and equipment for the research, development, manufacturing and commercialization of our drug products. For details, please refer to the paragraphs headed "Business — Suppliers and Procurement" in this document.

There is a risk that, if supplies are interrupted, we may not be able to find alternative supplies in a timely and commercially reasonable manner, or at all, and it would materially harm our business. Any disruption in production or the inability of our suppliers to produce adequate quantities to meet our needs could impair our operations, the manufacturing of our drug products and the research and development of our drug candidates.

Moreover, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs increase significantly as we enter commercial production of Efsubaglutide Alfa following its receipt of marketing approval, but there is no assurance that current suppliers have the capacity to meet our demand. Any delay in receiving such materials in the quantity and quality that we need could delay the completion of our clinical studies, regulatory approval of our drug candidates or our ability to timely meet market demand for our commercialized products, as applicable. Our suppliers may not be able to cater to our growing demands or may reduce or cease their supply of materials to us at any time.

We are also exposed to the risk of increased costs, which we may not be able to pass on to customers and, as a result, lower our profitability. In the event of significant price increases for such materials, we cannot assure you that we will be able to raise the prices of our future drug products sufficiently to cover the increased costs. As a result, any significant price increase for our needed materials may have an adverse effect on our profitability.

Additionally, our suppliers may also fail to maintain adequate quality of the services, materials and equipment we need. We cannot assure you that we will be able to identify all of the quality issues. Suboptimal or even deficient supplies of services, materials and equipment may hinder the research and development of our drug candidates and the commercial-scale manufacturing of our approved products, subject us to product liability claims or otherwise have a material adverse effect on our operations.

In addition, we cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Their failure to do so may lead to interruption in their business operations, which in turn may result in shortage of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our products. The

non-compliance of these third parties may also subject us to potential product liability claims, cause us to fail to comply with the continuing regulatory requirements, and incur significant costs to rectify such incidents of non-compliance, which may have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant operating losses since our inception and anticipate that we may continue to incur operating losses for the next few years.

Investment in the development of biopharmaceutical products is highly speculative as it requires substantial upfront capital expenditures and involves significant risks that a drug candidate may fail to demonstrate efficacy or safety to gain regulatory or marketing approvals or become commercially viable. During the Track Record Period, we had incurred significant research and development expenses and other expenses related to the development of our drug candidates. In 2023 and 2024, we had loss for the year of RMB733.4 million and RMB174.7 million, respectively. We expect to continue to incur significant expenses and losses for the foreseeable future. We anticipate that our expenses will increase significantly if and as we:

- continue to advance the clinical trials and pre-clinical studies of our drug candidates;
- seek regulatory approvals for our drug candidates to complete clinical development and commence commercialization;
- commercialize our drug candidates for which we may obtain marketing approvals;
- develop and expand our in-house commercialization team;
- initiate pre-clinical, clinical or other studies for new drug candidates;
- construct new manufacturing facilities;
- attract and retain skilled personnel, and grant equity-settled awards to our employees;
- maintain, protect, expand and enforce our intellectual property portfolio;
- enforce and defend any intellectual property-related claims; and
- acquire or in-license other drug candidates, intellectual property assets and technologies.

The amount of our future operating losses will depend, in part, on our ability to generate revenue, the cost of commercializing any approved drug candidates, and our future expenses resulted from costs and expenses incurred by our research and development programs and in relation to our operations. If any of our drug candidates fails during clinical trials or does not obtain regulatory approval, or, even if approved, fails to achieve market acceptance, our business may not become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our failure to become and remain profitable may decrease the value of our Company and could impair our ability to raise capital, maintain our R&D efforts, expand our business, or continue our operations. A decline in the value of our Company may also adversely affect our Shareholders' equity.

Our ability to generate revenue from sales of drug products and become profitable depends significantly on our success in a number of factors that affect the sales volume, pricing levels and profit margins of such drug products, such as competition or change in market environment.

We have received the regulatory approval for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for the treatment of T2D in China. We had not generated any revenue from commercialization of our drug candidates during the Track Record Period though we anticipate start to generate revenue from drug product sales following the receipt of regulatory approval for the commercial sale of Efsubaglutide Alfa. Our ability to generate revenue and achieve profitability depends significantly on our success in many factors, including but not limited to:

- obtaining regulatory approvals and marketing authorizations for drug candidates for which we complete clinical studies;
- launching and commercializing Efsubaglutide Alfa and other drug candidates for which we obtain regulatory approvals and marketing authorizations;
- completing research regarding, and nonclinical and clinical development of, our drug candidates;
- developing a sustainable and scalable manufacturing process for Efsubaglutide Alfa and other drug candidates, including establishing and maintaining commercially viable supply relationships with third parties and establishing our own manufacturing facilities;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new drug candidates, intellectual property and technologies;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trademarks, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel.

We cannot guarantee that we will be able to obtain regulatory approvals for any of our drug candidates in a timely manner, or at all. Substantial investments may be incurred before we generate any revenue from product sales. Even though we have received the regulatory approval for Efsubaglutide Alfa for the treatment of T2D, or if our drug candidates are approved for commercial sale, we expect to continue incurring significant costs associated with the manufacturing and the commercial launch of the drug products. Moreover, our expenses could increase beyond expectations if we are required by the NMPA, the FDA or other applicable authorities to perform studies in addition to those that we currently anticipate.

Considering the regulatory approval for Efsubaglutide Alfa for the treatment of T2D and the potential approval to market one or more of our drug candidates in the future, our revenue will depend on factors that affect the sales volume, pricing level or profitability of such approved products. Factors that could adversely affect the sales volumes, pricing levels and profitability of the products we sell include: exclusion from, or reduced coverage under, the national, provincial or other government-sponsored medical insurance programs, the impact of government pricing regulations, sales of substitute products by competitors, interruptions in the supply of raw materials, increases in the cost of raw materials, issues with product quality or side effects, intellectual property infringements, adverse changes in our sales and distribution network, and unfavorable policy, regulatory or enforcement changes. Many of these factors are outside of our control, and any factor adversely affecting the sales volumes, pricing levels and profit margins of our products could adversely affect our operations, revenue and profitability.

We had net operating cash outflows during the Track Record Period and we may need to rely on revenue generated from our commercialized product and additional financing to fund our operations.

During the Track Record Period, our operations have consumed a substantial amount of cash and we financed our operating activities primarily through capital contributions from our shareholders and private equity financing. Net cash used in operating activities was RMB164.6 million and RMB162.6 million in 2023 and 2024, respectively. We expect that our cash needs in the near future will primarily relate to progressing the development of Efsubaglutide Alfa and other drug candidates towards receiving regulatory approval for different indications and commencing commercialization, as well as expanding our drug candidate portfolio. For these purposes, we expect capital contribution from shareholders, debt financing including banks loans and the expected [**REDACTED**] from the [**REDACTED**] to constitute the main source of funding. Following the commercialization of Efsubaglutide Alfa for the treatment of T2D, we expect to fund our operations in part with revenue generated from sales of our commercialized product. Our future funding requirements will depend on many factors, including but not limited to:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely identify and enroll patients in our planned and potential future clinical trials;

- the outcome, timing and costs of regulatory approvals of Efsubaglutide Alfa for different indications and other drug candidates;

- the progress, timing, scope and costs related to discovery and early development of additional drug candidates;
- the preparation required for the commercialization of Efsubaglutide Alfa and anticipated commercialization of other drug candidates, and if regulatory approvals are obtained, to fund the product launch;
- the manufacturing requirements and capabilities related to clinical development and commercialization for any approved drug products;
- the construction progress of our manufacturing facilities;
- our effective management of our third-party manufacturers and other collaboration partners and associated costs;
- selling and marketing costs associated with Efsubaglutide Alfa and any future drug candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- the amount and timing of any profit sharing, milestone and royalty payments we receive from our future collaborators; and
- our headcount growth and associated costs.

If the financial resources available to us after the [**REDACTED**] are insufficient to satisfy our operation requirements, we may seek additional funding through equity [**REDACTED**], debt financings, collaborations and licensing arrangements. It is uncertain whether financing will be available in the amounts or on terms acceptable to us, if at all. If we were not able to obtain additional capital on commercially reasonable terms or at all, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

During the Track Record Period, we had certain financial assets at fair value through profit or loss ("FVTPL"), which mainly represented our investments in wealth management products issued by reputable banks in the PRC. As of December 31, 2023 and 2024, our financial assets at FVTPL amounted to RMB495.1 million, and RMB225.2 million, respectively. Financial assets at FVTPL are carried in the statement of financial position at fair

value, with net changes in fair value recognized in profit or loss, and therefore directly affect our results of operations. In 2023 and 2024, we realized fair value gains on other investments classified as financial assets at FVTPL, net of RMB1.1 million and RMB0.2 million, respectively.

For financial reporting purposes, fair value measurement of financial assets and liabilities at FVTPL is categorized into Level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial assets and liabilities classified in Levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of Level 3 financial assets and liabilities is based on valuation techniques and various assumptions of inputs that are unobservable which inherently involve a certain degree of uncertainty. For details, see "Notes to the Historical Financial Information — Material Accounting Policies — Fair value measurement" in Note 2.3 to the Accountants' Report included in Appendix I to this document. Our financial assets at FVTPL are classified as Level 2 financial instruments determined based on observable inputs and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets at FVTPL during the Track Record Period. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use, thereby affecting the fair value of these financial assets and liabilities. These factors include general economic conditions, changes in market interest rates, and stability of the capital markets. Any of these factors could cause our estimates to vary from actual results and cause the fair value of our financial assets and liabilities to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations. Moreover, the value ultimately realized by us on disposal of these investments may be lower than their current fair value. Any of these factors could have an adverse impact on our financial position and results of operations.

We have incurred and may continue to incur share-based payments. The issuance of restricted shares or other share-based awards may cause dilution to our existing Shareholders and may affect the [REDACTED] of our H Shares.

We have granted restricted shares to certain eligible employees in recognition of their contributions to our Company. In 2023 and 2024, we incurred share-based payments of RMB538.9 million and RMB16.0 million, respectively. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based compensation may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based compensation may also increase our operating expenses and therefore have a negative effect on our financial performance.

The discontinuation of any government grants or preferential tax treatment currently available to us may adversely affect our business, financial condition and results of operations.

We have historically benefited from government grants and other preferential policies as incentives for drug research and development activities and other development activities. We recorded government grants of RMB1.0 million and nil in 2023 and 2024, respectively. According to the PRC Law on Enterprise Income Tax, we have been entitled to a deduction of an additional 100% of qualified research and development expenses from our taxable income since October 1, 2022. Although we expect to continuously benefit from government grants and preferential tax treatment, the local government authorities have the discretion to determine the timing, amount and criteria of such financial incentives. We generally do not have the ability to influence local government authorities in making these decisions. Local authorities may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, otherwise we may be deprived of all or part of the incentives, which may have an adverse effect on our business, financial condition and results of operations.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses and materially and adversely affect our ability to pay dividends to holders of our H Shares.

The change in the value of RMB against the Hong Kong dollar and other currencies may fluctuate and is affected by various factors. All of our costs are denominated in RMB, most of our assets are cash and cash equivalents primarily denominated in RMB, and our [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. Any significant change in the exchange rates of the Hong Kong dollar against RMB may adversely affect the value of and any dividends payable on, our H Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our drug candidates through intellectual property rights, including failure to successfully extend the patent term for certain drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

Our success depends in large part on our ability to protect our proprietary technologies and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the drug candidates and technologies that we consider commercially important by filing patent applications in different jurisdictions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. A portion of our patent portfolio currently comprises pending patent applications that have not yet been issued as granted patents, and our drug candidates may not be sufficiently protected by granted patents at commercialization. For further information on our patent portfolio, please refer to the paragraphs headed "Business — Intellectual Property" in this document. We also plan to apply for extensions of the terms of certain eligible patents with respect to our drug candidates upon the expiration of such patents. Whether we can obtain the approval for each pending patent application or future extension application is subject to the examination opinions from the applicable patent examination authorities during the ordinary pendency and examination of such applications. If we are unable to obtain and maintain adequate patent and other intellectual property protection with respect to our drug candidates and technologies, our competitors could develop and commercialize drugs and technologies similar or identical to ours, and our ability to successfully commercialize our drugs and technologies may be affected, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in the PRC, the United States, or other countries or regions may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. An adverse determination in any proceeding challenging our patent rights could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drug candidates and compete directly with us, or result in our inability to manufacture or commercialize drug candidates without infringing third-party patent rights. Thus, even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. In addition, the patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years.

The life of patent protection is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

Although various adjustments and extensions may be available, the life of a patent, and the protection it affords, is limited. For example, the expiration of a patent is generally 20 years for invention in the PRC and generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority in the United States. Even if we successfully obtain patent protection for a drug candidate, such drug candidate may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office; thus, we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant drug candidate exclusively, which would have a material adverse effect on any potential sales of that drug candidate. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates. For the expiration dates of our issued patents for our drug candidates, please refer to the paragraphs headed "Business — Intellectual Property" in this document. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Patent terms may not be adequate to protect our competitive position on our drug candidates in the absence of patent linkage, patent term extensions and other exclusivities. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

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

We enjoy limited level of geographical protection with respect to our intellectual property rights and may not be able to protect our intellectual property rights throughout the world, or prevent unfair competition by third parties.

We are currently protecting our intellectual property rights in certain jurisdictions, primarily China and the United States. See "Business — Our Strategies — Satisfy the unmet clinical needs and maximize commercial value of our drug candidates through global expansion and strategic partnerships." Filing and prosecuting patent applications and defending patents covering our drug candidates in all countries across the world could be prohibitively expensive. Competitors may use our technologies in jurisdictions in which we have not obtained patent protection to develop their own drug candidates and may export otherwise infringing drug candidates to jurisdictions where we have patent protection but enforcement rights are not as strong as those in certain markets, given that the levels of law enforcement vary across jurisdictions. These drug candidates may compete with our drug candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant difficulties in registering, protecting and defending such rights in some jurisdictions. Furthermore, the legal systems of certain countries do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing drug candidates in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We

may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to market our drug candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our ability to successfully commercialize our drug candidates in all of our expected significant markets. If we encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions.

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

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity and is costly, time-consuming and inherently uncertain. Developments in either the patent laws or their interpretation in different jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights. For instance, depending on decisions by the National People's Congress and the CNIPA, the laws and regulations governing patents could develop, which may affect our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. Our existing patent rights and future patent applications may face certain potential influence.

There could be similar changes in the laws of other jurisdictions that may impact the value of our patent rights or our other intellectual property rights. Under the America Invents Act, the AIA, enacted in 2011, the United States moved to first-to-file system in early 2013 from the previous system under which the first to make the claimed invention was entitled to the patent. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. Publications of discoveries in the scientific literatures often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. Moreover, the United States has enacted and is currently implementing wide-ranging patent reform legislation. The United States Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations recently. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any.

We may from time to time be involved in lawsuits to protect or enforce our patents and other intellectual property, which could be expensive, time-consuming and unsuccessful and may delay us from developing or commercializing our drug candidates.

Competitors or other third parties may infringe, misappropriate or otherwise violate our other intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and defend their intellectual property rights than we can.

Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. An adverse result in any such litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. Moreover, we may not be able to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defense available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defense may make it impossible for us to enforce our patents against such third party.

In addition, although we are not currently experiencing any claims challenging the inventorship of our patents or ownership of our intellectual property, we may in the future be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property as an inventor or co-inventor. For instance, we may have inventorship disputes arising from conflicting obligations of employees, collaboration partners, consultants or others who are involved in developing our drug candidates or technologies. Litigation may be necessary to defend against these and other claims challenging inventorship of our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property. If we fail to defend any claim, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of or right to

use intellectual property that is important to our drug candidates. Even if we are successful in defending against such claims, litigation could lead to substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

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

Our commercial success depends in part on our ability to avoid infringing, misappropriating, or otherwise violating intellectual property rights of third parties. However, our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Defending ourselves against third parties' intellectual right infringement allegations, meritorious or not, would be expensive and time consuming, and would be a substantial diversion of our resources and our management team's attention. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

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

Our patent rights relating to our drug candidates could be found invalid or unenforceable if challenged.

Despite measures we take to obtain and maintain patent and other intellectual property rights with respect to our drug candidates, our intellectual property rights could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the CNIPA, the USPTO or the applicable foreign counterpart, or made a misleading statement, during prosecution. Even if we conduct our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability is unpredictable.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a drug candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activities and instead award only monetary damages, which may not be an adequate remedy. In addition, if the breadth or strength of protection provided by our owned patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any loss of patent protection could have a material adverse impact on one or more of our drug candidates and our business.

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

We currently own issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. We cannot assure you that any currently pending trademark applications or any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in proceedings before the CNIPA, the USPTO or comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancelation proceeding may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially and adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially and adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

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

In addition to our issued patents and pending patent applications, we rely on our trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, corporate collaboration partners, outside scientific collaboration partners, sponsored researchers, contract manufacturers, consultants, advisors and other third parties that have access to them.

However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be adversely affected.

We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.

Our employees, consultants and advisors, including our senior management, may currently be, or were previously employed at other pharmaceutical companies or research institutions, including our competitors or potential competitors. Some of these employees, consultants, and advisors, including each member of our senior management, may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. We may be subject to claims that we, our employees, consultants and advisors, have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

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

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

Counterfeits of our products and the illegal and/or parallel import of competing drugs could adversely affect our sales and our reputation.

Certain pharmaceutical products distributed or sold in our target markets may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their usage or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The regulatory control and law enforcement system in relation to the counterfeit pharmaceutical products, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products in a timely manner, or at all. Since counterfeit pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our future approved drug candidates.

Counterfeit pharmaceutical products are unlikely to meet our rigorous manufacturing and testing standards and may even cause health damage to patients. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaboration partners' brand name(s). In addition, theft of inventory at warehouses, plants or while in-transit, which is not properly stored and which is sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

As it is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents and trademarks of our trade names. The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The illustrative examples include but are not limited to:

- others may be able to make products that are similar to our drug candidates but that are not covered by the claims of the patents that we own;
- we might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patent applications not issuing or being invalidated after issuing;
- we might not have been the first to file patent applications covering certain of our inventions, which could result in the patent applications not issuing or being invalidated after issuing;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- our competitors might develop biosimilar drugs if the patent protection of our drug candidates will be expired;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- we may obtain patents for certain compounds many years before we receive NDA/BLA approval for drugs containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related drugs, the commercial value of our patents may be limited;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive drugs for commercialization in our major markets;
- we may fail to develop additional proprietary technologies that are patentable;

- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; or

- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing one or more of our drug candidates for one or more indications.

Any of the aforementioned threats to our competitive advantage in the future could have a material adverse effect on our business. We may encounter certain incidents as outlined above. For example, one of our patents, which relates to the underlying technologies used in the target validation phase of the early R&D stage of our Core Product, is currently undergoing an invalidation process. However, since the patent does not directly cover our Core Product, we do not expect its invalidation, if it occurs, to have a material adverse impact on us.

RISKS RELATING TO LAWS AND REGULATIONS

All material aspects of the research, development and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with relevant laws and regulations may adversely affect our business, financial condition, results of operations and prospects.

All jurisdictions in which we intend to develop and commercialize our drug candidates and conduct other pharmaceutical-industry activities regulate these activities in great depth and detail. Major markets in the world all strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of the development and approval, manufacturing, marketing, sales and distribution of pharmaceutical products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions. Our or our collaboration partners' failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. This could harm our business, reputation, prospects for future work and results of operations.

The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the drug development process or approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Failure to comply with these regulations could therefore materially and adversely affect our business, financial condition, results of operations and prospects.

Moreover, the regulatory framework regarding the pharmaceutical industry is continuing to develop, and we cannot guarantee that amendments to the laws and regulations with regard to pharmaceutical industry would not adversely affect our business and prospects. Any such amendments may result in increased compliance difficulty and costs or cause delays in, or

prevent the successful development or commercialization of, our drug candidates and reduce the current benefits we believe are available to us from developing and manufacturing our drug candidates. Developments in government regulations or in practices relating to the pharmaceutical industry such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which would lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects.

The regulatory approval processes for the marketing and distribution of biopharmaceutical products are time-consuming, and if we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

We are subject to risks associated with obtaining regulatory approvals. Difficulties and failures in doing so may expose us to various harms. Significant time, effort and expense are required to bring our drug candidates to market in compliance with the regulatory process, and we cannot assure you that any of our drug candidates will be approved for sale. The time required to obtain approvals from the relevant regulatory authorities in different jurisdictions is unpredictable but typically takes 10 to 15 years following the commencement of pre-clinical studies and clinical trials and depends on numerous factors. In addition, regulations, approval policies and requirements for clinical data may change during the clinical development process of a drug candidate and may vary among jurisdictions. It is not uncommon that a relevant regulatory authority in a certain jurisdiction may require more information, including additional analysis, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results, to support approval, which may increase our costs, prolong, delay or prevent approval and our commercialization plans, or we may decide to abandon the development programs.

Our drug candidates could fail to receive regulatory approval in a timely manner for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to failure to meet the requirements of regulatory authorities in the design or implementation of our clinical trials;
- failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols;
- failure to demonstrate that the clinical and other benefits of a drug candidate outweigh its safety risks;
- failure to demonstrate that a drug candidate is safe, effective and potent for its proposed indication;

- failure of clinical trial results to meet the level of statistical and medical significance required for approval;

- disagreement with our interpretation of data from pre-clinical studies or clinical trials, according to applicable laws and regulations;

- insufficiency of data from clinical trials of our drug candidates to support the filing of the submission or to obtain regulatory approval;

- data integrity issues related to our clinical trials;

- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial resulting in failure to pass audits carried out by the NMPA, the FDA or other comparable regulatory authorities and a potential invalidation of our research data;

- findings by the NMPA, the FDA or other comparable regulatory authorities of deficiencies related to our manufacturing processes or the manufacturing facilities of third-party manufacturers from whom we procure clinical and commercial supplies; and

- failure of our clinical trial process to keep abreast with any scientific or technological advancements required by regulations or approval policies.

Developments in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to competent regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. The policies of the relevant regulatory authorities may also evolve, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained and we may not achieve or sustain profitability.

Moreover, regulatory approval in one jurisdiction does not mean that regulatory approval will be obtained in any other jurisdiction. Approval procedures vary among jurisdictions and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in various jurisdictions could result in significant delays, difficulties and costs for us and may require additional pre-clinical studies or clinical trials which would be costly and time-consuming. Regulatory requirements can vary widely from jurisdiction to jurisdiction and could delay or prevent the introduction of our products in our target markets. Satisfying these and other regulatory requirements is costly, time-consuming, uncertain and subject to unanticipated delays. In addition, our failure to obtain regulatory approval in any jurisdiction may delay or have negative effects on the process for regulatory approval in other jurisdictions.

We cannot assure you that we can satisfy all regulatory requirements to obtain regulatory approvals in a timely manner, or at all, or to obtain regulatory approvals with an ideal scope of indications, which may have an adverse impact on our reputation and the commercial prospects of our drug candidates, and eventually may harm our business, financial condition, results of operations and prospects significantly.

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

We routinely obtain and manage clinical trial related-data through clinical research organizations, who apply de-identification methods such as coding and replacing full names with initials before transmitting these data to us. As such, we are subject to the relevant national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown.

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

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

Even after we obtain regulatory approval for the marketing and distribution of our drug products, our drug products will continue to be subject to ongoing or additional regulatory obligations and continue to be subject to regulatory review, which may result in significant additional expenses and if we fail to comply with regulatory requirements or encounter unexpected problems related to future approved drugs, we may be subject to penalties.

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

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

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

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;

- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA, the FDA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- refusal by the NMPA, the FDA or comparable regulatory authorities to accept any of our other IND approvals, NDAs or BLAs;
- suspension or revocation of existing drug license approvals;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

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

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

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

We are also subject to regulatory supervision over genetics and data-related operations. To carry out clinical trials, as a foreign-invested enterprise, we may be required, as applicable, to obtain approval from the Office of Human Genetic Resources Management under the Ministry of Science and Technology (科學技術部人類遺傳資源管理辦公室) who will conduct genetics and data safety review. There can be no assurance that we will be able to obtain such approval in a timely manner, or at all. In addition, we may also be subject to similar requirements of overseas regulatory authorities.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (the "Scientific Data Measures"), which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. If and to the extent our research and development of drug candidates will be subject to the Scientific Data Measures and any relevant laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to foreign parties. If we are unable to obtain necessary approvals or fail to obtain such approvals in a timely manner, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial condition and prospects. If the transmission of our scientific data is found to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

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

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in the jurisdictions we operate. These laws may impact, among other things, our proposed sales and marketing programs. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with governments. In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope

than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers, and if we fail to comply with any such requirement, we could be subject to penalties.

There is no definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations.

RISKS RELATING TO OUR OPERATIONS

We have a limited operating history and have limited experience in manufacturing and commercialization of drugs, which may make it difficult to evaluate our current business and predict our future performance.

We are a biopharmaceutical company founded in 2014. Our operations to date have focused on raising capital, establishing our intellectual property portfolio, drug discovery and conducting pre-clinical studies and clinical trials of our drug candidates. We have obtained the marketing approval for Efsubaglutide Alfa for the treatment of T2D in January 2025 and have commercially launched Efsubaglutide Alfa in China in February 2025. However, we did not generate any revenue from product sales during the Track Record Period. We also have limited experience in commercial-scale manufacturing and sales and marketing of drugs. For these reasons, particularly in light of the rapidly evolving biopharmaceutical industry, it may make it difficult to evaluate our current business and reliably predict our future performance. There is inherent risk in using our historical financial information to project or estimate our financial performance in the future, as it only reflects our past performance under particular conditions. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. In addition, our financial and operating results may not meet the expectations of public market analysts, which could cause the future price of the shares to decline. If we do not address these risks and difficulties successfully, our business will suffer.

Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.

Our future success is dependent on our ability to attract a significant number of qualified employees and retain existing key employees. We are highly dependent on the continued contributions of Dr. Wang and our senior management, as well as other key clinical and scientific personnel. The loss of the services of any of our executive officers or other key employees could materially harm our business.

Competition for qualified employees in the biopharmaceutical industry is intense and the pool of qualified candidates is limited. We believe that there will continue to be intense competition for highly skilled management, technical, sales and other personnel with experience in our industry. Our need to significantly increase the number of our qualified employees and retain key employees may cause us to materially increase compensation-related costs, including share-based compensation. Despite an increase in staff costs, we may still not be able to retain the services of experienced senior management or key clinical and scientific personnel in the future. The departure of one or more of our key employees may disrupt our drug development progress and have a material and adverse effect on our business, financial condition, results of operations and prospects. Moreover, to the extent we hire personnel from competitors, we also may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information. In addition, our senior management team has limited experience in running public companies, which will require us to expend additional resources in hiring additional support staff and incur additional costs and expenses. If we are unable to retain and motivate our existing employees and attract qualified personnel for important positions, we may be unable to manage our business effectively, including the development, marketing and sale, which could adversely affect our business, financial condition and results of operations.

We may encounter difficulties in successfully managing our growth and expanding our operations.

We are a company working on a tiered, innovative pipeline of drug candidates for metabolic diseases. Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our growth. We might not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

As our development and commercialization plans and strategies evolve, we must hire additional managerial, operational, manufacturing, financial and other personnel. Our recent growth and any future growth will impose significant additional responsibilities on our management, including but not limited to:

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

- continuing to innovate and develop advanced technologies in the highly competitive pharmaceutical industry;

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

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

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

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals. Our failure to do so could materially and adversely affect our business, financial condition, results of operations and prospects.

Difficult conditions and turbulences in the global economic, political and financial environment may adversely affect our business, financial condition, results of operations and prospects.

Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit have been and will continue to affect the countries where we operate. The financial markets continue to be impacted by general uncertainty, and growth rates have declined recently. The financial condition of banking institutions has come under severe pressure and deterioration, as exemplified by the proposed restructuring of Credit Suisse Group AG and the failures of Silicon Valley Bank and Signature Bank in the first quarter of 2023, driven by bank runs or simultaneous withdrawals by depositors due to various reasons, including lack of confidence in the banking system. The slow economic recoveries around the world and the high inflation, high interest environment have contributed to higher global volatility. These developments may adversely impact global liquidity, heighten market volatility and increase foreign funding costs resulting in tightened global financial condition and fears of a recession. A prolonged period of extremely volatile and unstable market conditions would likely increase our funding costs and could also adversely affect the jurisdictions where we operate, which could in turn affect our business, financial condition, results of operations and prospects.

Changes in international trade policies may cause disruptions to our clinical development, drug manufacturing processes and other aspects of our business and operations.

The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters. For example, recently, the United States has proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China. The decisions made by the U.S. government led to significant market volatility and economic uncertainty. It is unknown whether new tariffs will be imposed by the U.S. or other governments, or whether new laws and regulations will be enacted, or the effect that any such actions would have on us or our industry. While we are at the early stage of commercialization of our Core Product, any rising trade and political tensions or unfavorable government policies on international trade, such as capital controls or tariffs, may affect the competitive position of our drug products. In addition, rising trade and political tensions, heightened government scrutiny or unfavorable government policies may also affect our existing and future relationships with shareholders and business partners, the provision of research and development and other services, the supplies of materials and products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. If any new tariffs, policies, legislation and/or regulations are announced or implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to product liability lawsuits that could cause us to incur substantial liabilities and adversely affect our business, financial condition, results of operations and reputation.

We face an inherent risk of product and professional liability as a result of the clinical testing and any future commercialization of our product candidates inside and outside China. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against the claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- adverse effect on our reputation;

- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulatory authorities;
- costs to defend the related litigation;

- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labelling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any approved product candidate; and
- a decline in the [**REDACTED**] of our H Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance to cover adverse events in our clinical trials. It is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if our products are found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

We, our shareholders, beneficial owners, senior management or Directors may be involved in claims, disputes, litigation, arbitration or other legal proceedings, or may be subject to governmental investigations, administrative proceedings or penalties, which could adversely affect our business, financial condition, results of operations and reputation.

From time to time, we, our shareholders, beneficial owners, senior management or Directors may be involved in claims, disputes and legal proceedings or be subject to governmental investigations, administrative proceedings or penalties. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes, foreign exchange regulations, tax and infringement of intellectual property rights. Any such claims, disputes or legal proceedings initiated, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, any litigation, legal disputes, claims, administrative proceedings, penalties or other administrative measures 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. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings, penalties or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may be subject to disasters, health epidemics, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Natural disasters, acts of war, terrorism or other force majeure events beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the jurisdictions where we conduct our business. Our operations, and those of our collaboration partners, suppliers and other third parties, may be under the threat of natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, force majeure events such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or potential wars or terrorist attacks. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments could materially disrupt our business and operations. For example, since the end of December 2019, the outbreaks of a novel strain of coronavirus COVID-19 have materially and adversely affected the global economy. Many countries and regions had been affected by the COVID-19 outbreaks. There is no assurance that such kind of health epidemic or even a more severe pandemic will not occur again in the future.

There also could occur serious natural disasters, which may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, disaster, epidemics, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our drug candidates. As we rely on third parties on various services and supplies, the occurrence of any of the foregoing events could seriously harm ability to obtain services or supplies if such third parties are affected by disasters, epidemics, business interruptions and other force majeure events. In addition, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption. Acts of war or terrorism may also injure our employees, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition, results of operations and prospects.

Our future investments, acquisitions or strategic partnerships may have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

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

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- the loss of key employees and personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

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

obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense. For investments over which we do not obtain management and operational control, we may lack influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments. Any of the foregoing negative developments described could disrupt our existing business and have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

If we or our business partners fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials, including chemicals materials, and may produce hazardous wastes. We may contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials and wastes, whether arising from our own operations or those of our business partners, now or in the future. In the event of such contamination or injury, we could be held liable for any resulting damages, and such liabilities could exceed our resources. We could also incur significant costs associated with civil or criminal fines and penalties. In addition, we may incur substantial costs to ensure compliance with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may influence our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our internal information technology systems, or those used by our business partners, may fail or suffer security breaches.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property and proprietary business information. We manage and maintain our data utilizing on-site systems and outsourced vendors. Such data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information technology systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks or other services to us pose increasing risks. Despite the implementation of security measures, our internal information technology systems and those of our current and any future third-party vendors, collaboration partners, consultants, and third parties performing services for us, as well as our clinical sites and regulatory authorities, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, and telecommunication and electrical failures.

If any such material system failure, accident, or security breach were to occur and cause interruptions in our operations, it could result in a disruption of our drug candidate development and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. For example, the loss of clinical trial data from our current or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in the theft or destruction of intellectual property, data, or other misappropriation of assets, financial loss, or otherwise compromise our confidential or proprietary information and disrupt our operations, our competitive position could be adversely affected, and the further development and commercialization of our drug candidates could be delayed.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss of information maintained in the information systems and networks of our Company, our third-party vendors, and clinical sites, including personal information of our employees and, potentially, our clinical study patients, and company and vendor confidential data. In addition, third parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to data and systems. We may experience threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be adversely affected and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks.

We could also be subject to regulatory actions or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate, disclosure of data, as well as unfair or deceptive practices. The development and maintenance of the systems, controls, and processes to prevent such events from occurring and/or identify and mitigate threats is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated.

Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we may use more information systems operated by vendors, engage in more electronic transactions with clinical sites and collaboration partners, and rely more on cloud-based information systems, the related security risks will increase, and we will need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our internal information technology systems, or those of third parties with which we conduct business, will be sufficient to protect us against breakdowns, service disruption, data deterioration, or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, industrial espionage attacks, or insider threat attacks, which could result in financial, legal, business, or reputational harm.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties. If we or our third-party collaborators fail to comply with applicable anti-bribery laws, our reputation may be adversely affected and we could be subject to penalties and significant expenses.

We are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Moreover, although we currently operate mainly in China, we are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. There is no assurance that policies or procedures to ensure the compliance with anti-bribery laws will prevent our agents, employees and intermediaries from engaging in bribery activities. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity. We could also be adversely affected by any allegation that we violated such laws.

Moreover, we may be exposed to fraud, bribery or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. We may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

Any failure to comply with applicable laws and regulations and industry standards or obtain various licenses and permits or any development to the applicable laws and regulations could harm our reputation, business, financial condition, results of operations and prospects.

A number of governmental agencies or industry regulatory bodies in the PRC and other applicable jurisdictions impose strict rules, regulations and industry standards governing biopharmaceutical research and development activities, which apply to us. Our or our collaboration partners' failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. This could harm our reputation, business, financial condition, results of operations and prospects.

Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or impose fines and penalties which could materially and adversely affect our business, financial condition, results of operations and prospects. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses and certificates may develop, and there can be no assurance that we will be able to meet new criteria that may be imposed. If the interpretation or implementation of existing laws and regulations develops or new regulations come into effect, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect our results of operations and prospects.

Any government investigation of alleged violations of laws could require us to expend significant time and resources in response and generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our Company and our results of operations will be adversely affected.

Our business significantly depends on our reputation, and any negative publicity on us or failure to maintain and enhance our recognition and reputation may materially and adversely affect our business, financial condition, results of operations and prospects.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. Moreover, it may become increasingly difficult for us to effectively manage our brand reputation when we engage various third parties, such as contract sales organizations, to expand our commercialization network and increase market access for our drugs, as we have relatively limited control over these third parties.

Our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. We, our Shareholders, Directors, officers, employees, collaboration partners, suppliers, or other third parties we cooperate with or rely on may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees, collaboration partners, suppliers or other third parties we work with or rely on were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. Any negative publicity, including disputes concerning our Shareholders, Directors, officers, employees, collaboration partners, suppliers, or other third parties we cooperate with or rely on, even if untrue, could adversely affect our reputation and prospects. If we are unable to maintain a good reputation, our ability to attract and retain key employees and business partners could be harmed which, in turn, may materially and adversely affect our business, financial condition, results of operations and prospects.

Moreover, any negative media publicity about the pharmaceutical industry in general, including issues and allegations solely involving other companies in the industry, may also negatively impact our reputation. In the event that such negative publicity relates to our own products and business, the adverse impact on our financial condition or results of operations might be more significant. Any such negative publicity may undermine the public confidence in our products, reputation, brand image, business prospects, and impair the development and commercialization of our drug candidates, all of which may adversely affect our business operations and financial performance. Investigations and increasingly stringent regulations arising from such negative publicity, if any, may draw time and attention from our management team, which would have otherwise been devoted into our business operations, or may incur additional compliance expenses.

If we fail to maintain effective internal controls and risk management, we may not be able to accurately report our financial results or prevent fraud, and our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

Our internal controls and risk management will be essential to the integrity of our business and financial results. Our public reporting obligations are expected to place a strain on our management, operational and financial resources and systems in the foreseeable future. In order to address the issues in our internal controls and risk management and to generally enhance our internal controls and compliance environment, we have taken various measures to improve our internal control procedures and risk management framework, including adopting new policies and providing training on our controls, procedures and policies to our employees. If we encounter difficulties in improving our internal controls and risk management, we may incur additional costs and management time in meeting our improvement goals. We cannot assure you that the measures taken to improve our internal controls and risk management will be effective. If we fail to maintain effective internal controls and risk management in the future, our reputation, business, financial condition, results of operations and prospects may be materially and adversely affected.

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

We maintain insurance policies that are required under the PRC laws and regulations and that we believe are in line with market practice and adequate for our business to safeguard against risks and unexpected events. In addition to employee social and medical insurances, our principal insurance policies also cover adverse events in clinical trials. However, our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our product development and overall operations.

We are subject to risks associated with our leased properties.

According to applicable PRC administrative regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under applicable PRC laws if the fine will be borne by the lessor or lessee. As of the Latest Practicable Date, we had not registered five lease agreements with the relevant government authorities. According to applicable PRC administrative regulations, lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within the period required by the relevant governmental authorities and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, the aggregate amount of maximum fine will be approximately RMB50,000.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE MAINLY OPERATE

The regulatory environment in the geographical market in which we operate is developing and any failure to comply with laws and regulations could adversely affect us.

Substantially all of our assets and operations are located in the PRC. Accordingly, our results of operations, financial performance and business prospects may be influenced by the economic, regulatory, political and social conditions in China. Any material developments in the economic, regulatory, political and social conditions in China may have material and adverse effect on our results of operations, financial performance and business prospects. Laws, regulations or implementation policies in China, including those regulating the healthcare and pharmaceutical industry, are developing. In recent years, the regulatory framework in China regarding the pharmaceutical industry has undergone evolvements, and we expect that it will continue to develop in the future. We are thus required to understand and be familiar with the interpretation and implementation of relevant laws and regulations in a timely manner, or otherwise we may violate relevant laws and regulations. Amendments in laws, regulations and policies as well as their interpretation and implementation may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in the geographical market in which we operate and reduce the benefits we believe are available to us from developing and manufacturing drugs in the geographical market in which we operate.

There might be uncertainties in effecting service of legal process and enforcing foreign judgments or bringing actions against us and our management.

Currently, all of our assets and substantially a majority of our Directors and senior management are located in the PRC. As a result, it may be difficult for the investors to directly affect service of process upon us or most of our Directors and senior management in the PRC.

On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration Region Pursuant to Choice of Court Agreements between Parties Concerned 《(關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"). Under the Arrangement, where any designated court in mainland China or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant court in mainland China or Hong Kong court for recognition and enforcement of the judgment. A judgment rendered by a Hong Kong court may not be enforced in mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing.

On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region 《(關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"), which seeks to establish a mechanism with further clarification on and certainty for reciprocal recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong. The New Arrangement does not include the requirements for a choice of court agreement in writing by the parties. The New Arrangement has come into effect on January 29, 2024 and superseded the Arrangement. After the New Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the New Arrangement.

Our business is subject to evolving regulations and oversight related to data security.

For the purpose of ensuring the security of the supply chain for critical information infrastructure and maintaining national security, the CAC and the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance (the "MOF"), the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC and the National Administration of State Secrets Protection and State Cipher Code Administration jointly promulgated the Measures for Cybersecurity Review

(《網絡安全審查辦法》) on December 28, 2021, which came into effect on February 15, 2022 and requires that, in addition to "operator of critical information infrastructure (CII)" (CIIO), any "network platform operator" carrying out data processing activities that affect or may affect national security and any "network platform operator" which has personal information of more than one million users and is going to list in foreign countries should also be subject to the cybersecurity review, and further elaborates the factors to be considered when assessing the national security risks of the relevant objects or situations, including, among others, the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or illegally exited the country, the risk of critical information infrastructure, core data, important data, a large amount of personal information being affected, controlled and maliciously used by foreign governments, as well as cybersecurity after being [**REDACTED**].

Under Article 10 of Regulation on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which came into effect on September 1, 2021, the competent authorities and supervision and administration departments in charge of the CII security protection (the "Protection Departments") is responsible for, among others, informing the CIIO of the determination results in a timely manner regarding the determination of CII. As of the Latest Practicable Date, we have not been informed by any Protection Departments that we have been determined as a CIIO. In consequence, we are not obligated to conduct a cybersecurity review for CIIO-related causes.

There can be no assurance that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we are required to follow such procedures. According to our telephone consultation with, and the confirmation of, the China Cybersecurity Review, Certification and Market Regulation Big Data Center, previously known as the China Cybersecurity Review Technology and Certification Center, ("CCRC"), we believe that Hong Kong does not fall within the scope of "foreign country" and we have not been required to file for a cybersecurity review with the Cybersecurity Review Office for the [**REDACTED**].

Laws and regulations over currency conversion may affect our ability to pay dividends and other obligations.

Procedures on the remittance of Renminbi into and out of the PRC are required under the relevant PRC laws and regulations. A significant portion of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares. Shortages in the availability of foreign currency to us may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under the relevant PRC laws and regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from China's State Administration of Foreign Exchange ("SAFE"), but we are required to present relevant documentary evidence of such transactions and conduct such

transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the PRC Individual Income Tax Law (the "IIT Law") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家税務總局關於個人所得税若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that these practices will not evolve, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

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 PRC Enterprise Income Tax 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 enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股

息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and 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.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may materially and adversely affect the value of our H Shares.

RISKS RELATING TO THE [REDACTED]

We are subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with overseas offerings and future capital raising activities, including this [REDACTED].

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Measures for Overseas Listing, which have become effective on March 31, 2023. The Trial Measures for Overseas Listing require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, file the required documents with the CSRC within three business days after its application for overseas listing is submitted. We will file with CSRC within a specific time limit as required by the Trial Measures for Overseas Listing. However, we cannot assure you that we could complete such filing in a timely manner or at all, the failure of which may restrict our ability to complete the proposed [**REDACTED**] and have a material and adverse effect on our financial performance and business prospects.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Archives Rules"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic

enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may further develop, failure to comply with which may materially affect our business, financial condition or results of operations.

The Trial Measures for Overseas Listing and the Archives Rules were recently promulgated and we are closely monitoring how they will affect our operations and our future financing.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all.

There has been no prior public market for our H Shares and there can be no assurance that an active market would develop, and the liquidity and [REDACTED] of our H Shares may be volatile.

No public market currently exists for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of and permission to [**REDACTED**] our [**REDACTED**] on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for the Shares will develop, especially during the period when a certain portion of our Shares may be subject to lock-up, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the Shares will not decline following the [**REDACTED**].

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the [REDACTED].

The [**REDACTED**] and [**REDACTED**] 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 [**REDACTED**] of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] volume of our H Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] volume of our H Shares may be highly volatile for specific business reasons, including but not limited to:

- the results of our applications for regulatory approvals of our drug candidates;

- fluctuations in our revenue, earnings, cash flows, investments and expenditures;
- the results of clinical trials of our drug candidates;
- regulatory developments affecting the pharmaceutical industry, healthcare, health insurance and other related matters;
- relationships with our collaboration partners and suppliers;
- movements or activities of key personnel;
- announcements made by us or our competitors;
- acquisitions by us or our competitors;
- other actions taken by competitors;
- release or expiry of lock-up or other transfer restrictions on our H shares; and
- the general economy and other factors.

Moreover, shares of other companies [**REDACTED**] on the Stock Exchange with significant operations and assets in China have experienced [**REDACTED**] volatility in the past, and it is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance.

The [REDACTED] of our H Shares when [REDACTED] begins could be lower than the [REDACTED].

The [**REDACTED**] to the public of our H Shares [**REDACTED**] in the public market is expected to be determined on the [**REDACTED**]. However, the H Shares will not commence [**REDACTED**] on the Stock Exchange until they are delivered, which is expected to be after the [**REDACTED**]. As a result, investors may not be able to [**REDACTED**] or otherwise [**REDACTED**] the H Shares during that period. Accordingly, Shareholders of our H Shares are subject to the risk that the [**REDACTED**] of the H Shares when [**REDACTED**] begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur between the time of [**REDACTED**] and the time [**REDACTED**] begins.

Future sales or perceived sales of our H Shares in the public market by major Shareholders following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares.

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

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

We may finance our future cash needs through public or private offerings, debt financings, collaboration arrangements and licensing arrangements or other funding sources. Our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

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

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and will experience further dilution if we [REDACTED] additional Shares or other equity securities in the future.

Potential [**REDACTED**] will pay a [**REDACTED**] per H Share in the [**REDACTED**] that substantially exceeds the per H Share value of our net tangible assets. Therefore, [**REDACTED**] of our H Shares in the [**REDACTED**] will experience a substantial immediate dilution in [**REDACTED**] net tangible assets, and our existing Shareholders will receive an

increase in the [**REDACTED**] adjustednet tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [**REDACTED**], potential [**REDACTED**] would receive less than the amount they paid for their H Shares.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the [REDACTED] 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 [**REDACTED**] or [**REDACTED**] 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 by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**]. 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 [**REDACTED**] of H Shares.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Upon completion of the [**REDACTED**], our Controlling Shareholders will hold [**REDACTED**]% of our total issued share capital, assuming the [**REDACTED**] is not exercised. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their H Shares as part of a sale of our Company and may reduce the [**REDACTED**] of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. We cannot assure you that our Controlling Shareholders will not exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Because we do not expect to pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline drug candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our H Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the H Shares. You may not realize a return on your investment in our H Shares and you may even lose your entire investment in our H Shares.

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

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

We cannot guarantee the accuracy of certain facts, forecasts and other statistics obtained from various government publications contained in this document.

Certain facts, forecasts and statistics in this document relating to the PRC, the PRC economy and biopharmaceutical industry in China are obtained from various sources including official government publications that we believe are reliable. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading.

However, we cannot guarantee either the quality or reliability of such source materials. Neither we, the Joint Sponsors, [**REDACTED**] nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC economy and the healthcare industry in China may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made.

Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurances that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

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

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

You should read this entire document carefully and should not consider or rely on any particular statements in published media reports without carefully considering the risks and other information contained in this document.

Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. 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. You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in making your [**REDACTED**] decision regarding our H Shares. 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 document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and Exemptions from the Companies (Winding up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant's 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 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

The Company's headquarters, management, business operations and assets are primarily located in the PRC. The executive Directors are based in the PRC as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's significant operations are located. The executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed [**REDACTED**]. The Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for the Company, and it may not be in the best interests of the Company and the Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, the Company [has] applied to the Stock Exchange for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that the Company implements the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorized representatives (the "Authorized Representatives"), namely Ms. Jiang Fan (姜帆) and Ms. Sze Suet Ling (施雪玲) ("Ms. Sze"). The Authorized Representatives are authorized to communicate on the Company's behalf with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. The Company will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(b) the Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the

Authorized Representatives and the Stock Exchange will have the means to contact any of the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling;

(c) the Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required; and

(d) the Company has appointed Gram Capital Limited as its Compliance Adviser, pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Authorized Representatives, Directors and senior management of the Company, and will act as an additional channel of communication between the Stock Exchange and the Company for the period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will maintain constant contact with the Authorized Representatives, Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers 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.

JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that the issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that 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 provides that in assessing "relevant experience", the Stock Exchange will consider the individual's: (a) length of employment with the issuer and other issuers and the roles he played; (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, 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.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the applicant has principal business activities primarily outside Hong Kong; (b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and (c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

Further, pursuant to Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "Waiver Period") and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

The Group's principal business operations are in the PRC. The Company considers that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to the Company's operations; (ii) nexus to the Board; and (iii) close working relationship with the management of the Company, in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of the Company to appoint a person who is familiar with the Company's business and affairs as a company secretary.

The Company has appointed Ms. Jin Jin (金今) ("Ms. Jin"), who is the Company's associated director of security affairs, as one of its joint company secretaries. The Company believes that Ms. Jin has extensive experience in business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of the Group accumulated since her joining the Group in March 2023. However, Ms. Jin currently 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, the Company has appointed Ms. Sze, a Chartered

Secretary, a Chartered Governance Professional, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a full member of Hong Kong Investor Relations Association, 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. Jin for an initial period of three years from the [**REDACTED**] to enable Ms. Jin 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. For details on Ms. Jin's and Ms. Sze's qualifications and experience, see "Directors, Supervisors and Senior Management".

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

Since Ms. Jin does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, the Company has 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. Jin may be appointed as a joint company secretary of the Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (a) Ms. Jin must be assisted by Ms. Sze who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Sze ceases to provide such assistance during the three-year period, and this waiver is subject to revocation in the event of any material breaches of the Listing Rules by the Company. Prior to the end of the three-year period, the Company will demonstrate and seek the confirmation from the Stock Exchange that Ms. Jin, having had the benefit of Ms. Sze's assistance during the three years, has attained the relevant experience and is capable of discharging the functions of our company secretary.

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

According to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the document shall include the matters specified in Part I of the Third Schedule thereto and the reports specified in Part II of the Third Schedule thereto.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in the document a statement as to the gross trading income or sales turnover (as the case may be) of the Company during each of the three financial years immediately preceding the issue of the document as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in the document a report prepared by the Company's auditor with respect to the profits and losses and assets and liabilities of the Company for each of the three financial years immediately preceding the issue of the document.

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

According to Rule 4.04(1) of the Listing Rules, the accountants' report contained in the document must include, among others, the results of the company in respect of each of the three financial years immediately preceding the issue of the document or such shorter period as may be acceptable to the Stock Exchange.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in that rule shall instead reference to "two financial years" or "two years," as the case may be.

Accordingly, the Company [has] applied to the SFC for, and the SFC [has] granted, a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this document, on the conditions that the particulars of the exemption are set forth in this document and this document will be issued on or before [**REDACTED**], on the following grounds:

(a) the Company falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules. The Company is seeking a [**REDACTED**] under Chapter 18A and will fulfill the additional conditions for [**REDACTED**] required under Chapter 18A of the Listing Rules;

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

(c) the Company is a pre-revenue biotech company and did not generate any revenue or incur any cost of revenue during the Track Record Period. The details of the Company's major activities have been fully disclosed in "Business;"

(d) notwithstanding that the financial results set out in this document are only for the two years ended December 31, 2024, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements;

(e) given that Chapter 18A of the Listing Rules provides that the minimum track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unnecessary and/or irrelevant in the circumstance of the Company; and

(f) the Directors are of the view that the Accountants' Report covering the two years ended December 31, 2024 included in this document, together with other disclosure in this document, have already provided the potential [**REDACTED**] with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of the Company, and the Directors confirm that all information which is necessary for the investing public to make an informed assessment of the Group's business, assets and liabilities, financial position, trading position, management and prospects has been included in this document. Therefore, the exemption would not prejudice the interest of the investing public.

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
WANG QINGHUA	Room 401, No. 53, Lane 2200 Xietu Road, Xuhui District Shanghai, PRC	Canadian
Jiang Fan (姜帆)	Room 239, 2/F No. 1266, Pu Jin Road Minhang District Shanghai, PRC	Chinese
Xu Wenjie (徐文潔)	No. 118, Lane 2008 Chengshan Road Pudong New Area Shanghai, PRC	Chinese
Huang Bing (黄冰)	Room 1101, Building 30 Poly Lingyue Mansion, Lane 6899 Jiangshan Road, Fengxian Area Shanghai, PRC	Chinese
Non-executive Directors		
HO KYUNG SHIK	Room 1202, No. 12, Lane 777 Biyun Road Pudong New Area Shanghai, PRC	Korean
Heng Lei (衡磊)	Room 503, Building 20 Jinri Jiayuan Huqiu District, Suzhou Jiangsu Province, PRC	Chinese
Independent Non-executive Directors		
Tao Wuping (陶武平)	Room 10, No. 4, Lane 86 Yongfu Road, Xuhui District Shanghai, PRC	Chinese

Name	Address	Nationality
Song Ruilin (宋瑞霖)	No. 202, Gate 4, Building 3 Courtyard A28 Guangqunmenwai Street Chaoyang District Beijing, PRC	Chinese
Chan Heung Wing Anthony (陳向榮)	Flat D, 10/F, Primrose Court No. 56A Conduit Road, Mid-Levels Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Yue Jianjun (樂建軍)	Room 302, No. 1, Block 1 Taohuayuan First Village Huinan Town, Pudong New Area Shanghai, PRC	Chinese
Li Yuanpeng (李遠鵬)	No. 220, Handan Road Yangpu District Shanghai, PRC	Chinese
Shao Anna (邵安娜)	Room 405, No. 6, Lane 421 Yangzhou Road, Yangpu District Shanghai, PRC	Chinese

For more information on the Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

China International Capital Corporation
Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Hong Kong

(*in no particular order*)

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Legal Advisors to the Company

As to Hong Kong and United States law:
Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

	As to PRC law: **Commerce & Finance Law Offices** 10/F, Tower 1, Jing An Kerry Centre 1515 West Nanjing Road Shanghai PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States law:* **Herbert Smith Freehills Kramer** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong
	As to PRC law: **King & Wood Mallesons** 17th Floor, One ICC, Shanghai ICC 999 Middle Huai Hai Road Xuhui District Shanghai PRC
Auditors and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* *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 Jingan District Shanghai PRC
Compliance Adviser	**Gram Capital Limited** Room 1209, 12/F, Nan Fung Tower 88 Connaught Road Central/ 173 Des Voeux Road Central Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 409, Building H Self-numbered Creative Building No. 2 Tengfei Second Street China-Singapore Guangzhou Knowledge City Huangpu District, Guangzhou Guangdong Province, PRC
Headquarters and Principal Place of Business in the PRC	Room 409, Building H Self-numbered Creative Building No. 2 Tengfei Second Street China-Singapore Guangzhou Knowledge City Huangpu District, Guangzhou Guangdong Province, PRC Room 201-204, Building 1, Lane 720 Cailun Road, Pudong New Area Shanghai, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Company's Website	**www.innogenpharm.com** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	Ms. Jin Jin (金今) Room 201-204, Building 1, Lane 720 Cailun Road, Pudong New Area Shanghai, PRC Ms. Sze Suet Ling (施雪玲) *A Chartered Secretary, a Chartered Governance Professional, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a full member of Hong Kong Investor Relations Association* 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong

Authorized Representatives	Ms. Jiang Fan (姜帆) Room 201-204, Building 1, Lane 720 Cailun Road, Pudong New Area Shanghai, PRC Ms. Sze Suet Ling (施雪玲) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Chan Heung Wing Anthony (陳向榮) *(Chairman)* Mr. Tao Wuping (陶武平) Dr. Song Ruilin (宋瑞霖)
Nomination Committee	Dr. Wang *(Chairman)* Mr. Tao Wuping (陶武平) Mr. Chan Heung Wing Anthony (陳向榮) Dr. Song Ruilin (宋瑞霖) (effective from the [**REDACTED**]) Ms. Jiang Fan (姜帆) (effective from the [**REDACTED**])
Remuneration and Appraisal Committee	Mr. Tao Wuping (陶武平) *(Chairman)* Dr. Song Ruilin (宋瑞霖) Dr. Wang
Strategy Committee	Dr. Wang *(Chairman)* Ms. Xu Wenjie (徐文潔) Ms. Jiang Fan (姜帆)

[**REDACTED**]

Principal Bank	**Bank of China Limited Guangzhou Development Zone Branch** No. 218, Kezhu Road Huangpu District, Guangzhou Guangdong Province, PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the* [REDACTED]*. The information from official government sources has not been independently verified by us, the Joint Sponsors,* [REDACTED]*, any of their respective directors and advisers or any other persons or parties involved in the* [REDACTED]*, and no representation is given as to its accuracy.

OVERVIEW OF THE METABOLIC DISEASES DRUG MARKET

Metabolic diseases are disorders that interfere with the body's natural process of converting food into essential nutrients at the cellular level. Metabolic diseases impair the ability of cells to carry out vital biochemical reactions, particularly those involved in the processing and transport of proteins, carbohydrates (sugars and starches), and lipids (fatty acids). As a result, metabolic diseases can lead to life-threatening health issues such as diabetes, obesity and overweight, and metabolic dysfunction-associated steatohepatitis (MASH). Furthermore, these disorders can contribute to neurodegeneration by disrupting key processes like lipid metabolism, glucose metabolism, and mitochondrial function, thereby significantly increasing the risk of neurodegenerative diseases, including Alzheimer's disease (AD).

Metabolic diseases represent one of the most significant global healthcare challenges. In 2021, diabetes alone led to 6.7 million deaths worldwide and 1.4 million deaths in China, with associated healthcare costs reaching a staggering US$966 billion and US$165 billion, respectively. Obesity and overweight, a major risk factor for both diabetes and cardiovascular diseases, affected 2.6 billion people globally in 2020, and contributed an estimated US$1.96 trillion to the global economy in healthcare costs. The number of patients with obesity or overweight in China has increased rapidly, from 531.8 million to 622.4 million from 2018 to 2023, with the estimated medical costs reaching RMB200 billion in 2021. MASH, which is closely linked to both diabetes and obesity and overweight, can lead to liver failure and cancer which further exacerbates the burden. The lifetime cost of care for all MASH patients in the U.S. alone reached US$250.6 billion in 2023, and epidemiological studies and modeling studies suggest that deaths related to MASH in China are expected to increase from 25,580 in 2016 to 55,740 by 2030. AD also caused significant social and economic burden, and is expected to cause expenditure of US$507.5 billion in China in 2030. As the prevalence of these diseases continues to rise, the global burden grows, imposing increasing strain on healthcare systems and economies worldwide.

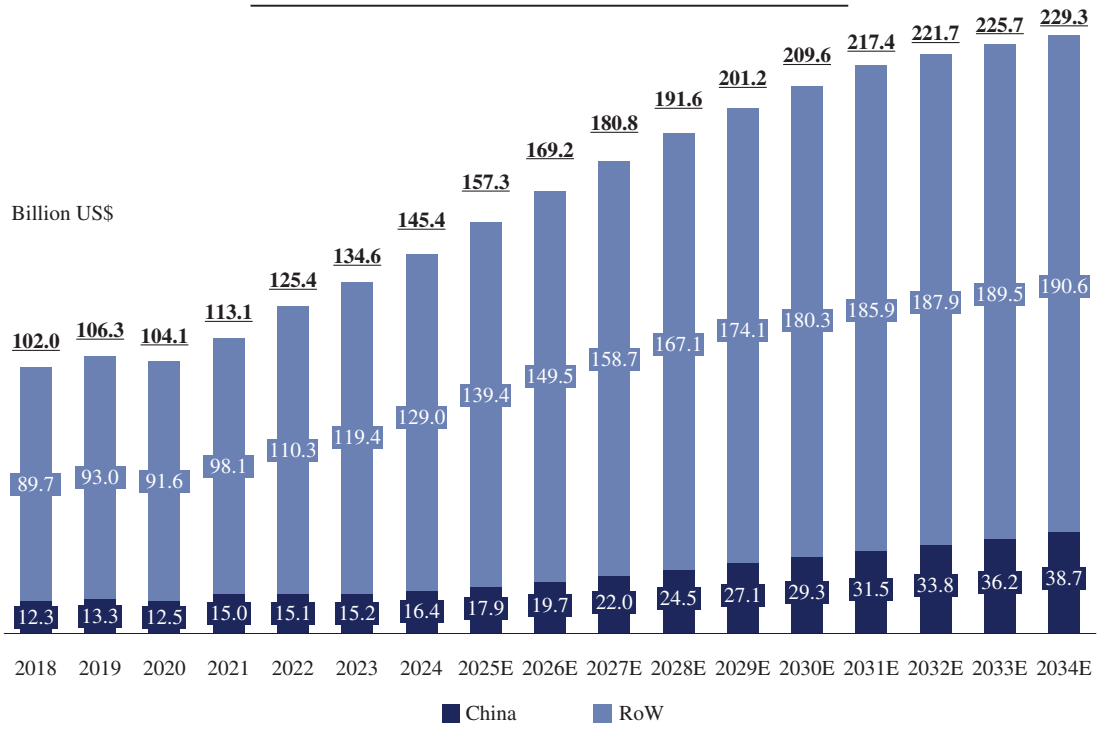
Market Size and Growing Trend of the Metabolic Diseases Drug Markets

Driven by the rising health awareness and expenditure, aging population and growing clinical demand, as well as advancements in disease diagnosis, both global and China metabolic disease drug markets are experiencing a growth trend.

The metabolic diseases drug market in China has seen a general growth trend, increasing from US$12.3 billion in 2018 to US$16.4 billion in 2024 at a CAGR of 4.6%, and is projected to reach US$24.5 billion by 2028 at a CAGR of 10.6% from 2024 to 2028, and US$38.7 billion by 2034 at a CAGR of 7.9% from 2028 to 2034, presenting a higher growth rate than the global metabolic diseases drug market. The global metabolic disease drug market grows from US$102.0 billion in 2018 to US$145.4 billion in 2024 at a CAGR of 6.1%, and is projected to reach US$191.6 billion by 2028 at a CAGR of 7.1% from 2024 to 2028, and US$229.3 billion by 2034 at a CAGR of 3.0% from 2028 to 2034.

Global Metabolic Diseases Drug Market, 2018-2034E

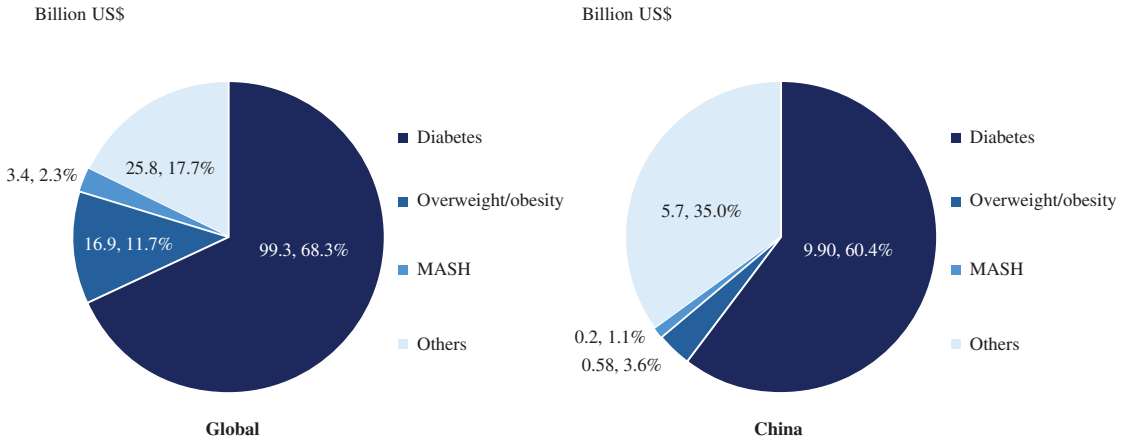
Period	CAGR		
	China	RoW	Global
2018-2024	4.6%	6.2%	6.1%
2024-2028E	10.6%	6.7%	7.1%
2028E-2034E	7.9%	2.2%	3.0%



Source: Annual Reports; Literature Review; Frost & Sullivan Analysis

As shown in the chart below, diabetes, overweight and obesity and MASH aggregately accounted for 65.0% and 82.3% market share of the metabolic disease drug market in China and globally in 2024, respectively, demonstrating the dominant position of these diseases in the metabolic disease drug market.

Breakdown of Metabolic Diseases Drug Market, 2024



Source: annual reports, literature review, Frost & Sullivan Analysis

Future Trends for the Metabolic Diseases Drug Markets: Long-acting Medication with Comprehensive Clinical Benefit

Current treatment limitations for metabolic diseases

Currently, there are no cures for most metabolic diseases, and available treatments largely focus on managing and relieving symptoms. This limitation is mainly due to the complex nature of metabolic diseases, which often involve multiple comorbidities and interconnected pathogenic mechanisms, requiring a comprehensive treatment approach. Many existing treatments are designed to target individual metabolic diseases rather than addressing the broader health issues that patients face.

Although existing drug candidates could be effective in symptom relief, they may cause serious long-term side effects, further complicating the management of metabolic diseases.

Future trends for the metabolic diseases drug market

To address the current treatment limitations, scientists have made tremendous efforts to develop innovative drugs to treat metabolic diseases, including treatments that offer comprehensive clinical benefits, the innovations of long-acting medications that enhance patient adherence, as well as safer long-term metabolic disease treatment with less side effects.

- ***The development of innovative treatment options that offer comprehensive clinical benefits.*** The complex nature of metabolic diseases, which often involve multiple interconnected health issues such as overweight and obesity, diabetes, high cholesterol, and cardiovascular issues, demands treatments that can address these comorbidities simultaneously. As a result, metabolic diseases drug development will increasingly focus on creating therapies that provide a broad range of clinical benefits.

- ***The advent of innovations that advance long-acting medication and thus promote patient adherence.*** The chronic and long-term nature of metabolic diseases requires patients to adhere to treatment regimens consistently to achieve positive health outcomes. However, the inconvenience and side effects of frequent dosing refrain the patients from adhering to their current treatment options in a long term. To address this, pharmaceutical companies are focusing on developing long-acting formulations that reduce the frequency of dosing, making treatments easier for patients to follow.

- ***The emergence of safer therapies to enable long-term metabolic disease management.*** Safety concerns have historically limited the widespread adoption of overweight and obesity medications. For instance, sibutramine, once commonly used in China for weight management, was ceased for production in 2010 due to its significant cardiovascular risks. Similarly, phentermine and amphetamine were withdrawn from the China market because of their adverse neurological side effects. These serious complications prompted research into more rational and safer therapeutic alternatives. GLP-1-based therapies have emerged as a breakthrough in weight management, demonstrating a more favorable safety profile compared to earlier and existing medications. Clinical trials demonstrated that GLP-1-based therapies only have mild to moderate side effects, which typically alleviate during the course of its clinical application. Looking ahead, safety will remain a key consideration in metabolic drug research and development.

Overview of GLP-1-based Therapy

GLP-1-based therapy is reshaping the treatment paradigm of metabolic diseases. GLP-1 exerts biological function through activation of GLP-1 receptors, which are expressing in various organs and tissues in the body, including adipose tissue, the liver, the cardiovascular system, and the central nervous system. In pancreatic islets, GLP-1 stimulates insulin secretion and suppresses glucagon release. Importantly, GLP-1 can increase β-cell regeneration. Furthermore, GLP-1-based therapy can also suppress appetite, delay gastric emptying, regulate blood lipid metabolism and reduce fat deposition.

Comprehensive clinical benefits

GLP-1-based therapy provides comprehensive clinical benefits, including effective glucose control in a glucose-concentration-dependent fashion, weight management, and cardiovascular and renal benefits. Therefore, GLP-1-based therapies are now being increasingly studied for the treatment of other serious health conditions, including overweight and obesity and MASH.

- ***Treatment of diabetes.*** For the treatment of T2D, the American Diabetes Association ("ADA") and the European Association for the Study of Diabetes ("EASD") both issued guidelines in recent years recommending GLP-1-based therapy as the preferred therapy for T2D complications. The Chinese Diabetes Society ("CDS") also issued the guidance for GLP-1-based therapies in the treatment of certain types of T2D. For the treatment of T1D, GLP-1-based therapies are being actively explored for their potential in supporting treatment by stimulating insulin secretion, slowing gastric emptying, reducing appetite, and decreasing glucagon secretion, all of which offer significant therapeutic benefits. Particularly, GLP-1-based therapies offer additional cardiovascular protective benefits, and therefore have substantial potential in reducing the risk of cardiovascular disease that is the most common complication resulting from diabetes.

- ***Treatment of overweight and obesity.*** GLP-1-based therapies can suppress appetite, delay gastric emptying, regulate lipid metabolism and reduce fat deposition. Therefore, GLP-1-based therapies have substantial potential in long-term weight management. Many obese patients also suffer from chronic metabolic diseases such as diabetes and MASH, as well as cardiovascular diseases. GLP-1-based therapies provide comprehensive clinical benefits to these diseases, making it an effective treatment option for managing both weight and related health issues.

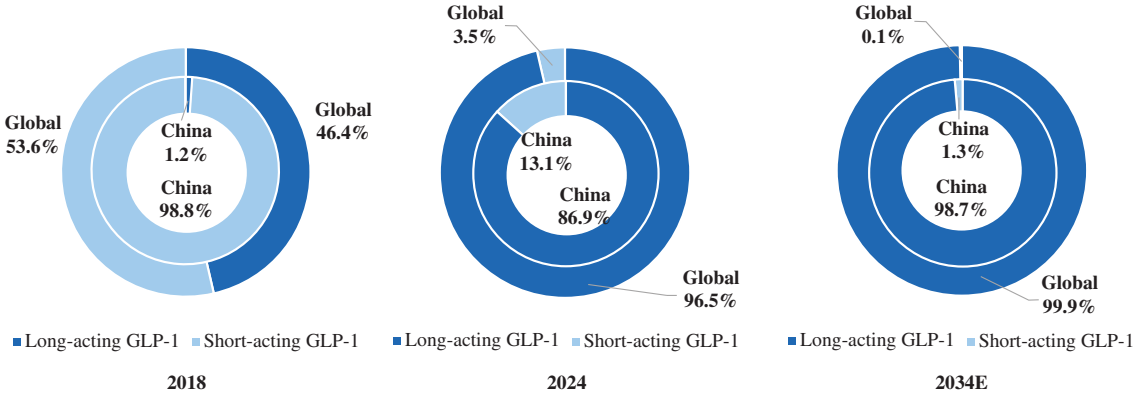
- ***Treatment of MASH.*** Ongoing research indicates that GLP-1-based therapies can help reduce liver fat buildup, decrease liver cell damage and inflammation, and prevent the progression of fibrosis in patients with MASH. Furthermore, insulin resistance and abnormal lipid levels, among others, are often found in patients with MASH. GLP-1-based therapies have the potential to address these issues.

Furthermore, GLP-1-based therapies have a favorable safety profile, particularly exemplified by the low risk of hypoglycemia. This is due to their glucose concentration-dependent mechanism of action: GLP-1 only stimulates insulin release when blood sugar levels are elevated, and it ceases to act when glucose levels are within the normal range. As a result, GLP-1-based therapies significantly reduce the likelihood of the life-threatening hypoglycemia, which is a common side effect of many other diabetes treatments. This ability to improve glucose control without causing hypoglycemia, along with their additional benefits of weight management and cardiovascular protection, has made GLP-1-based therapies an essential and highly favored option for the treatment of metabolic diseases.

Long-acting effect with enhanced patient adherence

According to a publication "Long-Acting Glucagon-Like Peptide 1 Receptor Agonists" on American Diabetes Association, long-acting GLP-1-based therapy refers to GLP-1 receptor agonist drugs with action duration of over 24 hours. Notably, current long-acting GLP-1 receptor agonist drugs available on the market mainly refer to weekly formulations, whereas daily formulations are generally categorized as short-acting ones. In 2018, short-acting GLP-1-based therapies, such as liraglutide, exenatide and lixisenatide, were the mainstream in the global market. However, with the approval of more and more long-acting GLP-1-based therapy, the market share of GLP-1-based therapy has been gradually dominated by long-acting drugs. This transition is largely due to the convenience offered by long-acting mechanism, which enables less frequent dosing that lowers the burden on patients and improves their adherence.

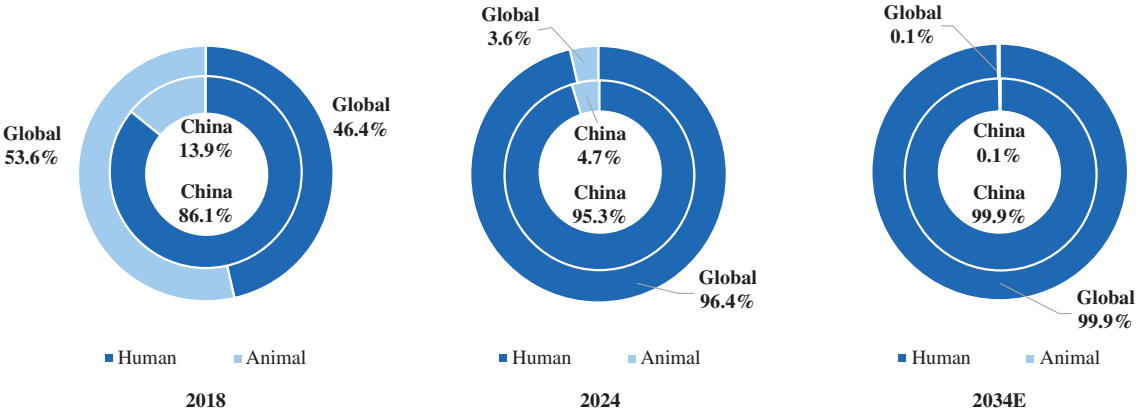
The following chart illustrates the breakdown and trends of the long-acting and short-acting GLP-1-based therapy market in China and globally. The long-acting GLP-1-based therapy accounted for nearly nil of the China GLP-1-based therapy market in 2018; such market share increased to 86.9% in 2024 and is expected to increase to 98.7% in 2034. Compared to global markets, China's long-acting GLP-1-based therapy market had a relatively low market share from 2018 to 2024. However, this gap is expected to narrow in the future, demonstrating the robust growth potential of China's market.



Source: annual reports of Lilly, Novo Nordisk, AstraZeneca, Frost & Sullivan Analysis

Humanized GLP-1-based therapies with improved safety profile and duration of action

Compared with animal-derived GLP-1-based therapies, humanized GLP-1-based therapies demonstrate compelling advantages in terms of safety and duration of action. For example, humanized GLP-1-based therapies reduce immunogenicity, and thus lower the risk of anti-drug antibody development and maintain long-term glycemic control. These humanized therapies also demonstrate optimal clearance rates from the body, preventing drug accumulation during chronic administration and minimizing related risks. As a result, humanized GLP-1-based therapies have become the main development trend for GLP-1-based therapies. The following chart illustrates the breakdown and trends of the China and global GLP-1-based therapy market divided by humanized and animal-derived GLP-1-based therapies, demonstrating the dominant position and growing trend of humanized GLP-1-based therapies.



Source: annual reports of Lilly, Novo Nordisk, AstraZeneca, Frost & Sullivan Analysis

Entry Barriers for the Development of GLP-1-based Therapy

The development of GLP-1-based therapies faces several significant entry barriers, including high development costs, technical challenges, the need for specialized expertise, and the limited product capacity.

- ***Development costs and technical difficulties.*** The development of GLP-1-based therapy requires complex biotechnology processes, that are characterized by complex process routes and challenging purification and separation procedures. Structural modifications are necessary to prolong the drug's action and resist degradation by the enzymes. These modifications involve targeted changes at enzymatic sites or conjugation to polymers, which are part of a strategic molecular design to ensure the drug's stability and prolonged efficacy and require careful examination of the intricate relationship between the drug's structure and its activity. These sophisticated processes are expensive, particularly in commercial production, where companies must balance yield, purity, and isolation challenges to control costs.

- ***Professional knowledge and skills required.*** The development of GLP-1-based therapies requires specialized knowledge in multiple fields such as pharmacy, biology, chemistry, and medicine. A deep understanding of the GLP-1 mechanism, drug design, synthesis processes, and clinical trials is required. This expertise requires years of experience in the metabolic disease field and a strong grasp of industry dynamics as well as disease etiology.

- ***Production capacity.*** The increasing popularity of GLP-1-based therapies for diabetes, the rapid growth in the weight loss market, and the potential for these drugs to treat other conditions such as MASH have all created a high demand for active pharmaceutical ingredients used in GLP-1 peptide production. However, producing these drugs is complex, and have high standards and technical barriers. As a result, it takes a long time for biopharmaceutical companies to build up the necessary production capacity, making it difficult to quickly scale up to meet demand.

DIABETES DRUG MARKET

Diabetes and its disease associated complications are the leading cause of death. Diabetes is a group of metabolic diseases characterized by high blood sugar levels (hyperglycemia), which occur as a result of defects in insulin secretion and/or action. Chronic hyperglycemia may lead to long-term damage and dysfunction in various organs, particularly eyes, kidneys, nerves, heart, and blood vessels. Diabetes is classified into several categories:

- ***Type 2 Diabetes (T2D).*** T2D is the most common form of diabetes that occurs as a result of insulin resistance and a gradual decline in insulin production. In 2024, T2D accounted for approximately 95.3% and 93.3% of all diabetes cases in China and globally, respectively.

- ***Type 1 Diabetes (T1D) and Other Types of Diabetes.*** T1D results from the destruction of insulin-producing β-cells in the pancreas, typically leading to an absolute deficiency of insulin. Other types of diabetes include those diagnosed during pregnancy or caused by other conditions, such as genetic disorders, diseases affecting the pancreas, organ transplants or use of specific kinds of drugs. In 2024, T1D and other types of diabetes accounted for approximately 4.7% and 6.7% of all diabetes cases in China and globally, respectively.

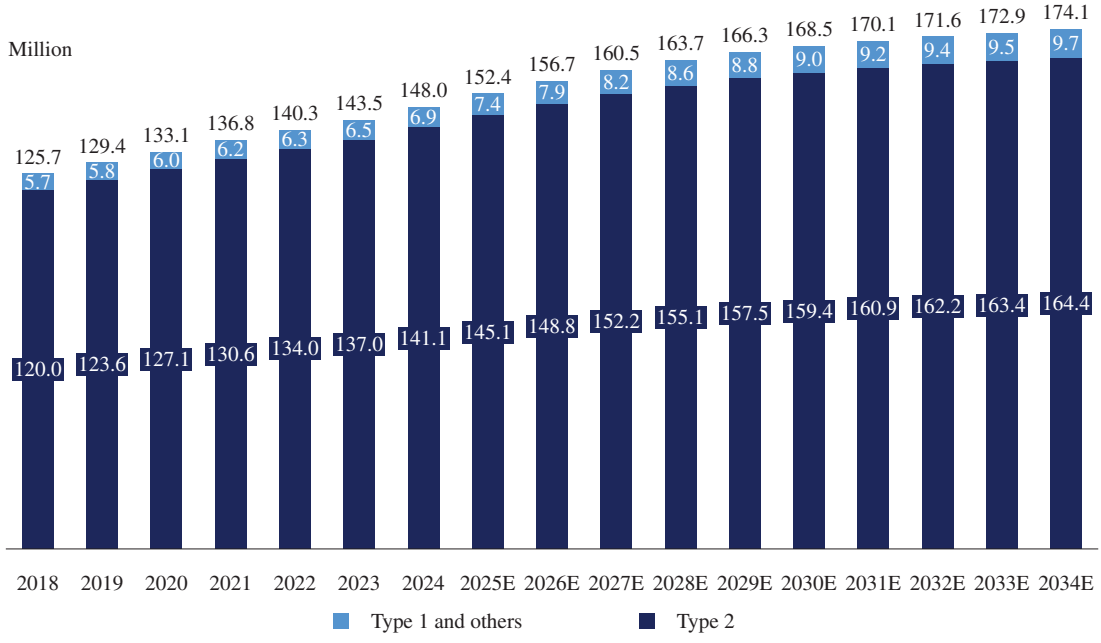
The Significant Burden and Prevalence of Diabetes

Diabetes is a major chronic disease globally. It not only leads to significant health complications but also place a heavy economic burden on healthcare systems. In 2021, China has the highest number of diabetes cases in the world, causing about 1.4 million deaths in 2021, while diabetes led to 6.7 million deaths globally, accounting for 12.2% of all deaths that year. The economic toll of diabetes is equally staggering — China's total diabetes-related medical spending is about US$165.3 billion, ranking second in the world, while global health expenditure related to diabetes reached an estimated US$966.0 billion in 2021, marking a 316% increase over the last 15 years.

In China, the diabetes prevalence increased from 125.7 million in 2018 to 148.0 million in 2024 at a CAGR of 2.7%, and is projected to reach 163.7 million by 2028 and 174.1 million by 2034. Among them, T2D patient prevalence grew from 120.0 million in 2018 to 141.1 million in 2024, and is expected to reach 155.1 million in 2028 and 164.4 million in 2034. Despite this large and growing patient population, only 1.3% of diabetes patients in China were treated with GLP-1-based therapies in 2024. This low penetration rate highlights a significant market opportunity for GLP-1 based therapies in China.

Prevalence of Diabetes in China, 2018-2034E

Period	CAGR		
	Type 2	Type 1 and others	Total
2018-2024	2.7%	3.2%	2.8%
2024-2028E	2.4%	5.6%	2.5%
2028E-2034E	1.0%	2.1%	1.0%

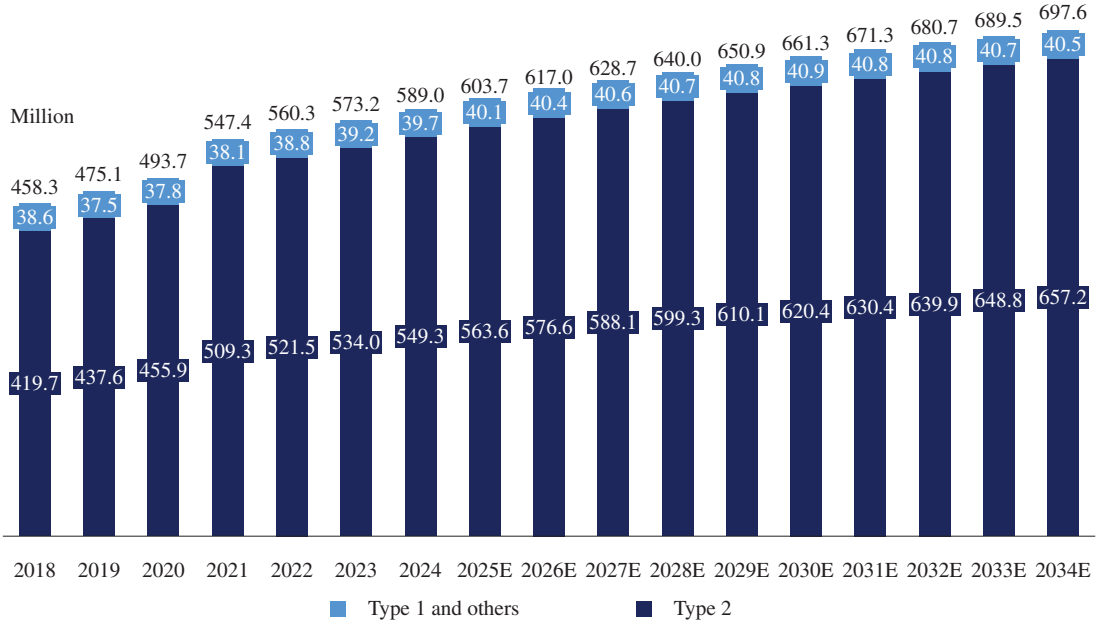


Source: World Health Organization, International Diabetes Federation, American Diabetes Association, Frost & Sullivan Analysis

The global diabetes prevalence grew from 458.3 million in 2018 to 589.0 million in 2024 at a CAGR of 4.3%, and is projected to reach 640.0 million by 2028 and 697.6 million by 2034. Among them, T2D patients grew from 419.7 million in 2018 to 549.3 million in 2024, and is expected to reach 599.3 million in 2028 and 657.2 million in 2034.

Global Prevalence of Diabetes, 2018-2034E

Period	CAGR		
	Type 2	Type 1 and others	Total
2018-2024	4.6%	0.5%	4.3%
2024-2028E	2.2%	0.6%	2.1%
2028E-2034E	1.5%	-0.1%	1.4%



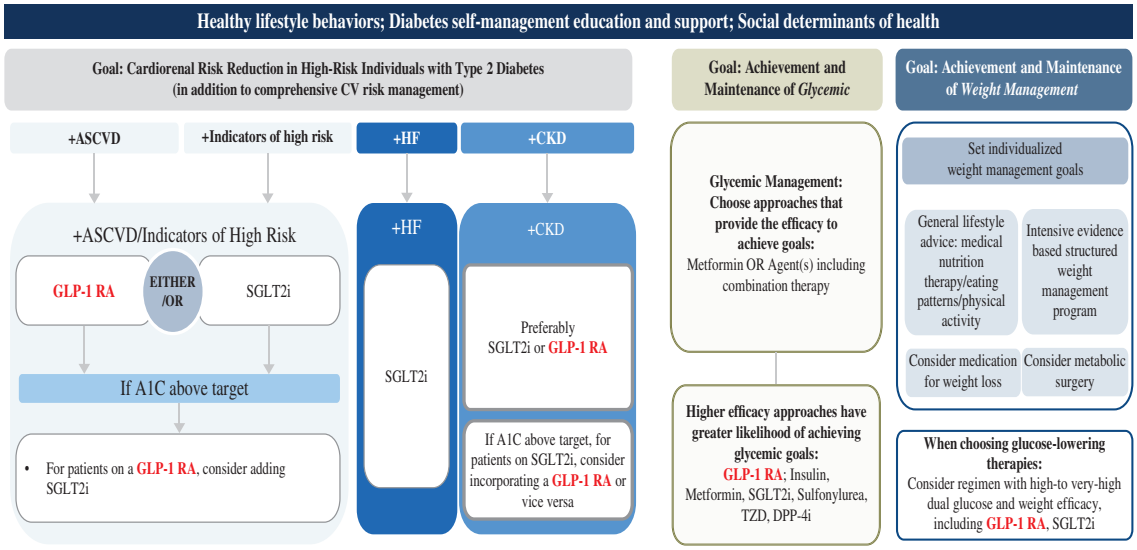
Source: World Health Organization, International Diabetes Federation, American Diabetes Association, Frost & Sullivan Analysis

Treatment Paradigms for Diabetes

The treatments for T1D include drug treatments, surgical treatment, lifestyle intervention and blood glucose monitoring. Currently, patients with T1D rely on insulin injections as the only cornerstone drug treatment. GLP-1-based therapies are sometimes used as adjunct therapy to help reduce glucagon secretion, delay gastric emptying, increase feelings of fullness, and support weight loss in T1D patients.

The treatment of T2D should aim to achieve a comprehensive set of goals, including blood glucose control, weight management, and reduction of cardiovascular and kidney risks. To achieve blood glucose control, T2D patients may consider metformin monotherapy or in combination with other medications such as GLP-1 receptor agonists, insulin, sodium-glucose cotransporter-2 inhibitors (SGLT2i), or thiazolidinediones (TZDs). For weight management, treatment regimens with high to very-high dual efficacy for glucose lowering and weight reduction, such as GLP-1 receptor agonists or SGLT2 inhibitors, are recommended. For T2D patients who also have atherosclerotic cardiovascular disease (ASCVD), other cardiovascular risks, or chronic kidney disease (CKD), GLP-1 receptor agonists or SGLT2 inhibitors are specifically recommended due to their cardiovascular and renal benefits.

The current standard of care includes GLP-1RAs, SGLT2i, metformin, DPP-4i, thiazolidinediones, α-glucosidase inhibitors, glucokinase activators, peroxisome proliferator-activated receptor (PPAR) pan-agonists, insulin secretagogues, and insulin. Among these, GLP-1 RAs are recognized as first-line treatments for T2D, particularly in patients with cardiorenal risks. The following diagram sets forth the treatment paradigm for T2D to achieve a set of different therapeutic goals.



Source: ADA Standards of Care in Diabetes—2024, Frost & Sullivan Analysis

Glossary: ACEi refers to angiotensin-converting enzyme inhibitor; ACR refers to albumin-to-creatinine ratio; ARB refers to angiotensin receptor blocker; ASCVD refers to atherosclerotic cardiovascular disease; CGM refers to continuous glucose monitoring; CKD refers to chronic kidney disease; CV refers to cardiovascular; CVD refers to cardiovascular disease; CVOT refers to cardiovascular outcomes trial; DPP-4i refers to dipeptidyl peptidase 4 inhibitor; eGFR refers to estimated glomerular filtration rate; HF refers to heart failure; HFpEF refers to heart failure with preserved ejection fraction; HFrEF refers to heart failure with reduced ejection fraction; HHF refers to hospitalization for heart failure; MACE refers to major adverse cardiovascular events; MI refers to myocardial infarction; SDOH refers to social determinants of health; SGLT2i refers to sodium-glucose cotransporter 2 inhibitor; TZD refers to thiazolidinedione; DSMES refers to diabetes self-management education and support; SDOH refers to social determinants of health; CGM refers to continuous glucose monitoring.

Despite the availability of insulin and other anti-diabetic drugs, there still remains significant unmet clinical needs. Insulin and other current diabetes treatments have limited effects on preventing and alleviating diabetic complications, the major causes of patient death. These complications, which include serious damages to various blood vessels, capillaries and related organs, including heart, kidney, liver, and nervous system, pose a serious threat to the health of patients receiving insulin therapy.

Furthermore, insulin therapy comes with side effects, including the life-threatening hypoglycemia, weight gain which accelerates the disease progression, and insulin resistance. Conversely, clinical studies have demonstrated that GLP-1-based therapy presents a significantly lower risk of hypoglycemia, promotes weight loss, and improves insulin resistance.

To address these diabetic complications and severe side effects, scientists are continuously developing innovative drug candidates. Among them, GLP-1-based therapy is the most promising one, and is reshaping the treatment paradigm for diabetes. Native GLP-1 has short half-life (< 2 mins). Scientists have made tremendous efforts for several decades to develop humanized, long-acting, more effective GLP-1 receptor agonists. The first GLP-1 drug, exenatide, was launched in the U.S. in 2005 as a short-acting, animal-derived drug, followed by long-acting exenatide microspheres launched in the European Union in 2011. Humanized long-acting GLP-1 drugs, such as albiglutide and dulaglutide, were introduced in 2014. These drugs not only provide strong glycemic control with minimal risk of hypoglycemia, but also promote weight loss and offer cardiovascular benefits, making them a key focus of current diabetes research and treatment strategies.

The following table provides a comparative analysis of various drugs for the treatment of diabetes, including GLP-1 receptor agonists, insulin, metformin, α-glucosidase inhibitors, sulfonylureas, Glinides, TZDs, DPP-4i, and SGLT-2i.

Drug Type	HbA1c Reduction	Hypoglycemic Risk	Weight Change, Reduction ratio	Cardiovascular Effects	Renal Effects
				Effect on Major Adverse Cardiovascular Events	Progression of Diabetic Kidney Diseases
GLP-1 receptor agonist	Up to 2.2%[a]	x	Weight loss (4.7%~13.1%)	Benefit	Benefit
Insulin	Up to 3.5%	√	Gain weight	Neutral	Neutral
Metformin	Up to 1.5%	x	Weight loss (0.6~3.2%)	Potentially benefit	Neutral
α-glucosidase Inhibitor	Up to 0.5%	x	Weight loss (1.4%~1.8%)	Neutral	Neutral
Sulfonylureas	Up to 1.5%	√	Gain weight	Neutral	Neutral
Glinides	Up to 1.5%	√	Gain weight	Unclear	Neutral
TZDs	Up to 1.0%	x	Gain weight	Neutral	Neutral
DPP-4i	Up to 0.9%	x	Neutral	Neutral	Neutral
SGLT-2i	Up to 1.2%	x	Weight loss (1.6%~4.9%)	Benefit	Benefit

Note:

a: The efficacy data of Efsubaglutide Alfa monotherapy in its Phase III clinical trial of Efsubaglutide Alfa monotherapy for T2D.

Source: Expert consensus on glycated hemoglobin A1c targets and management algorithm for Chinese adults with type 2 diabetes mellitus, Expert consensus on weight management in patients with diabetes mellitus (2024 edition), ADA Standards of Care in Diabetes — 2024, Frost & Sullivan Analysis

Market Size of the Diabetes Drugs

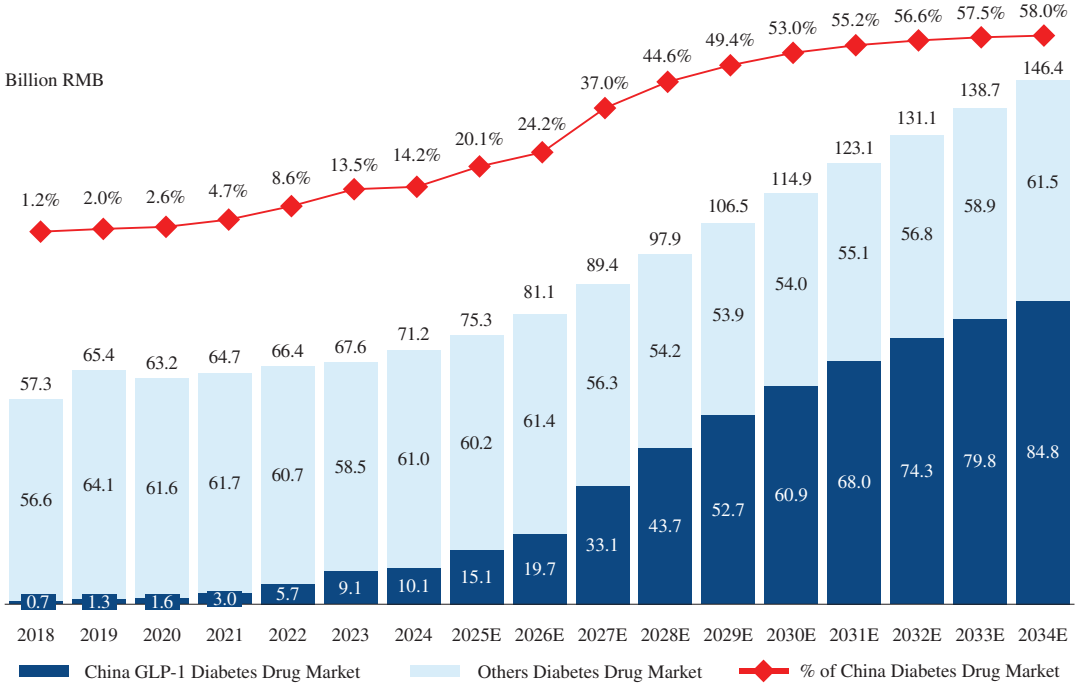
The diabetes drug market in China grew from RMB57.3 billion in 2018 to RMB71.2 billion in 2024 at a CAGR of 3.7%. The market is projected to continue expanding, reaching RMB97.9 billion by 2028 at a CAGR of 8.3% from 2024 to 2028, and RMB146.4 billion by 2034 at a CAGR of 4.8% from 2028 to 2034.

Among the approved drugs for diabetes in China, insulins and analogues, Biguanides, SGLT-2 inhibitors, GLP-1 receptor agonists, DPP-4 inhibitors and other type of drugs make up 25.3%, 12.2%, 15.4%, 14.2%, 9.4% and 23.5% of the total market for diabetes in China in 2024, respectively.

Compared to the global market, the GLP-1 diabetes drug market in China is still emerging and underpenetrated, presenting significant growth potential. The GLP-1 diabetes drug market represented only 14.2% of the diabetes drug market in China in 2024 in terms of market size. With more and more GLP-1-based drugs entering into the market and the expansion of their diverse clinical applications, their market share for diabetes in China is expected to grow to 44.6% by 2028 and 58.0% by 2034. Furthermore, the GLP-1 diabetes drug market in China significant increased from RMB0.7 billion in 2018 to RMB10.1 billion in 2024, representing a CAGR of 55.5%, and it is projected to continue growing rapidly, reaching RMB43.7 billion by 2028 at a CAGR of 44.1% from 2023 to 2028, and RMB84.8 billion by 2034 at a CAGR of 11.7% from 2028 to 2034.

Diabetes Drug Market in China, 2018-2034E

Period	CAGR	
	GLP-1	Total
2018-2024	55.5%	3.7%
2024-2028E	44.1%	8.3%
2028E-2034E	11.7%	6.9%



Source: annual reports, literature review; Chinese Pharmaceutical Affairs, Frost & Sullivan Analysis, Key Opinion Leader interview; Chinese Diabetes Society, Worldbank, Chinese Journal of Epidemiology

The significant forecast increases in the size and penetration rate of the GLP-1 drug market in China for T2D is driven by several factors. Firstly, as more long-acting GLP-1 products become available in the market, patient convenience will improve, which is expected to enhance adherence to treatment regimens. This shift towards more convenient, long-acting formulations will likely result in higher treatment adoption rates, thereby significantly boosting both the market size and the penetration rate of GLP-1 drugs for T2D. This increased accessibility will cater to the large and expanding diabetic population in China, where T2D prevalence is rising due to factors such as urbanization, poor dietary habits, and sedentary lifestyles. Secondly, some GLP-1 drugs have witnessed significant reduction in prices after being included in the National Reimbursement Drug List. This enhanced economic accessibility has made them more accessible to a broader patient population, which in turn has led to higher penetration rates among this patient population. Lastly, the pipeline of GLP-1 receptor agonist drug candidates in China continue to grow. This influx of new drugs is expected to significantly increase the GLP-1 drug market size in China, catering to the growing demand for effective T2D treatments.

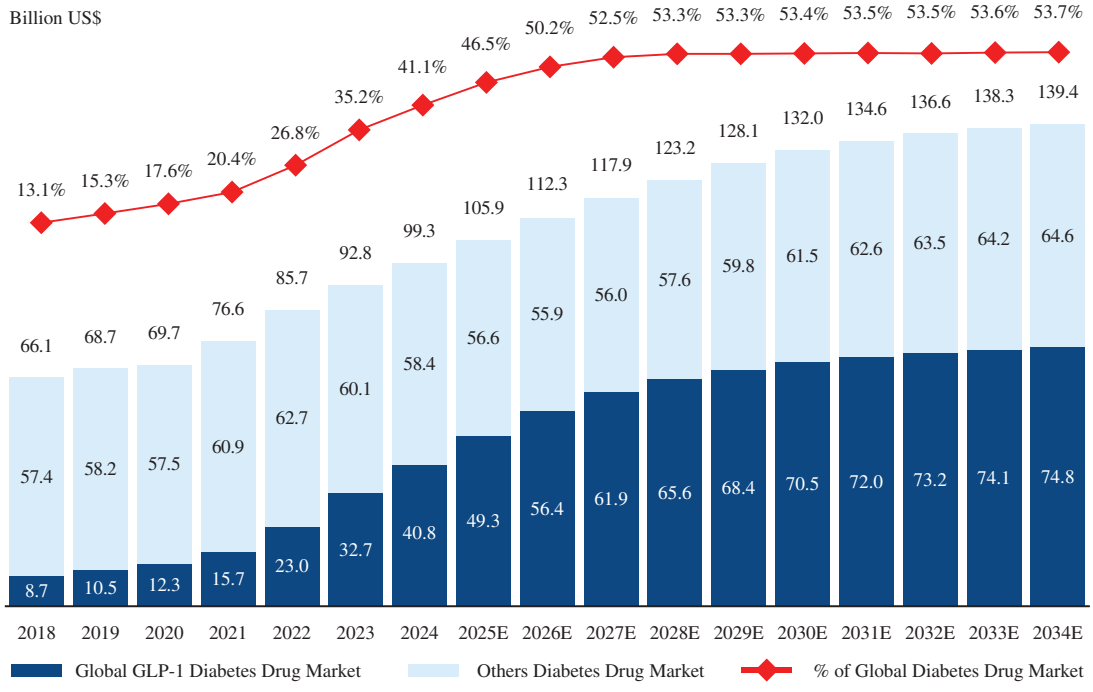
In 2024, the global diabetes drug market is US$99.3 billion. It is estimated that the global diabetes drug market will grow to US$123.2 billion in 2028 and US$139.4 billion in 2034, with a CAGR of 5.6% from 2024 to 2028 and 5.8% from 2028 to 2034 respectively.

Among different drugs for the treatment of diabetes, GLP-1-based drugs have achieved remarkable market acceptance and grew rapidly. In 2024, GLP-1 drug for diabetes account for 41.1% of total diabetes drug market globally. As clinical applications increase and more GLP-1 products enter the market, the global market share of GLP-1 drug market for diabetes indication will reach 53.3% in 2028.

As a result, from 2018 to 2024, the market size of global GLP-1 drug for diabetes increased from US$8.7 billion to US$40.8 billion, with a CAGR of 29.5%. In the future, the market size of global GLP-1 drug for diabete will continue to grow steadily, and it is expected to reach US$65.6 billion in 2028, with a CAGR of 12.6%.

Global Diabetes Drug Market, 2018-2034E

Period	CAGR	
	GLP-1	Total
2018-2024	29.5%	7.0%
2024-2028E	12.6%	5.6%
2028E-2034E	10.6%	5.8%



Source: Annual Reports; Literature Review; Frost & Sullivan Analysis; Worldbank

Competitive Landscape of GLP-1 Receptor Agonists in the Diabetes Drug Market

Overview of approved GLP-1 receptor agonists globally (including China)

As of the Latest Practicable Date, a total of 11 GLP-1 receptor agonist drugs were approved globally (including China) for the treatment of T2D, of which four are humanized, long-acting GLP-1 receptor agonists. In 2024, the market share of these three humanized, long-acting GLP-1 receptor agonists, namely dulaglutide, semaglutide and tirzepatide, accounted for 83% of the global GLP-1 diabetes drug market. The other seven such approved products are either animal-derived or short-acting GLP-1 receptor agonists. Specifically, the market share of Ozempic, Trulicity, Mounjaro, Rybelsus, Victoza and Bydureon accounted for approximately 42.7%, 12.9%, 28.3%, 8.3%, 1.9%, 1% of the global GLP-1 diabetes drug market. Besides, our Core Product, Efsubaglutide Alfa, has received the approval from NMPA in January 2025. The following table sets forth the approved GLP-1 receptor agonists globally (including China), including the other three approved humanized, long-acting GLP-1 receptor that may compete with our Core Product in the same arena as of the Latest Practicable Date:

Long-acting/ Short-acting*	Drug Name	Generic Name	Company	Approved Date, year	Core Patent Expiration Date				Dosing period	Humanization Ratio	Global Sales Revenue ,2024, MUSD
					CN	US	EU	JP			
Long-acting	Diabegone	Efsubaglutide Alfa	Innogen	NMPA:2025	2026	2027	NA	NA	Once a week	NA	NA
	Trulicity	Dulaglutide	Lilly	FDA:2014 EMA:2014 NMPA:2019	NA	2027	2029	2029	Once a week	90%	5,253.5
	Ozempic	Semaglutide Injection	Novo Nordisk	FDA:2017 EMA:2018 NMPA:2021	2026	2032	2031	2031	Once a week	94%	17,450.6
	Fulaimei	Polyethylene clycol Loxenatide	Hansoh	NMPA:2019	NA				Once a week	53%	NA
	Bydureon	Exenatide Microspheres	AstraZeneca	FDA:2012 EMA:2011	2028	2028	2028	2028	Once a week	53%	NA
	Mounjaro	Tirzepatide	Lilly	FDA:2022 EMA:2022 NMPA:2024	2036	2036	2037	2040	Once a week	NA	11,540.1
Short-acting	Byetta	Exenatide	AstraZeneca	FDA:2005 EMA:2006 NMPA:2009	expired	expired	expired	expired	Twice a day	53%	NA
	Victoza	Liraglutide	Novo Nordisk	FDA:2010 EMA:2009 NMPA:2011	expired	expired	expired	expired	Once a day	97%	534.5
	Lyxumia	Lixisenatide	Sanofi	FDA:2016 EMA:2013 NMPA:2017	NA				Once a day	50%	NA
	Yishengtai	Benaglutide	Benemae	NMPA:2016	NA				Three times a day	100%	NA
	Rybelsus	Semaglutide Tablets	Novo Nordisk	FDA:2019 EMA:2020 NMPA:2024	2026	2032	2031	2031	Once a day	94%	3,378.8

Source: CDE, EMA, FDA, Websites of Lilly, Novo Nordisk and Guangdong Pharmaceutical Association, Frost & Sullivan analysis

Overview of clinical-stage GLP-1 receptor agonists

China Pipeline

As of the Latest Practicable Date, 46 GLP-1 receptor agonist drug candidates for the treatment of diabetes were under clinical development in China, among which four had submitted NDAs/BLAs, and eight were in Phase III clinical trials in China. Among the GLP-1 receptor agonists that had submitted NDAs/BLAs or were in Phase III clinical trials in China, the following are humanized, long-acting GLP-1 receptor agonists. The others are either animal-derived or short-acting GLP-1 receptor agonists.

Drug Name/Code	Company	Clinical Stage	First Posted Date	Dosing Period
IBI362	Innovent	BLA	2024/8/1	Once a week
XW003	Sciwind Biosciences	BLA	2024/11/23	Once a week
Glutazumab	Hongyun Huaning	Phase III	2021/7/30	Once every two weeks
TG103	CSPC	Phase III	2024/2/2	Once a week
HRS9531	Hengrui	Phase III	2024/10/18	Once a week
BGM0504	Borui Xinchuang Biopharmaceutical	Phase III	2024/12/10	Once a week

Source: CDE, Frost & Sullivan analysis

Global Pipeline (excluding China)

As of the Latest Practicable Date, there were 22 GLP-1 receptor agonist drug candidates for the treatment of diabetes under clinical evaluation globally (excluding China). Among these drug candidates, five are in Phase III clinical trials, including two humanized, long-acting GLP-1 receptor agonists, as set forth in the table below.

Drug Name/Code	Company	Clinical Stage	First Posted Date	Dosing Period
CagriSema	Novo Nordisk	Phase III	2024/8/2	Once a week
AMG 133	Amgen	Phase III	2025/3/5	Once a month

Growth Drivers for the Diabetes Drug Market

The growth of the diabetes drug market is driven by the following key factors.

- ***Growing number of diabetes patients.*** The China and global prevalence of diabetes is rising rapidly, driven by factors such as aging population and lifestyle changes. In addition, there is a large number of diabetes patients remained undiagnosed, and a significant number of people are living with prediabetes conditions such as impaired glucose tolerance (IGT), which can progress to T2D if left untreated. In China, there are approximately 72.8 million cases of undiagnosed diabetes and 170 million adults with IGT, who are at higher risk of developing T2D in 2021.

- ***Increasing awareness of diabetes.*** There has been a notable increase in diabetes awareness in China and globally. Data from the International Diabetes Federation shows that, in 2019, 50.1% of the people globally with diabetes were unaware of their condition. By 2021, this figure had decreased to 44.7%, indicating a positive trend toward earlier diagnosis and greater public knowledge about diabetes. Awareness rates in China also rose from 39.4% in 2007 to 56.5% in 2023. This rise in awareness leads to earlier diagnosis and treatment, which in turn drives demand for diabetes drugs.

- ***Innovation in antidiabetic medications.*** The development of new classes of anti-diabetic drugs, such as GLP-1 receptor agonists, SGLT-2 inhibitors, and DPP-4 inhibitors, has transformed the diabetes treatment paradigm. These innovations have broadened the treatment options for patients with diabetes, making it possible for patients to manage their condition more effectively and improve their overall health outcomes.

Future Trends for the Diabetes Drug Market

The future trends in the diabetes drug market include the rise of treatment options that offer comprehensive clinical benefits and improved patient adherence, as well as the growing emphasis of combination therapies.

- ***Rise of antidiabetic drugs with comprehensive clinical benefits.*** Diabetes often come with multiple comorbidities, including overweight and obesity, cardiovascular disease, high blood pressure, and high cholesterol. Traditional medications that focus solely on lowering glucose levels are not sufficient for managing various health issues that patients with diabetes face. As a result, the China and global markets both witness a growing trend to develop drugs that can address multiple aspects of metabolic health simultaneously. GLP-1 receptor agonists are at the forefront of this promising development trend.

- ***Advent of long-acting medications that improve patient adherence.*** One of the key challenges in managing diabetes is to ensure that patients adhere to their treatment regimens. To address this challenge, pharmaceutical companies has been focusing on the development of long-acting medications, such as GLP-1 receptor agonists with longer half-life, to improve the convenience of drug use for the patients.

- ***Growing trend to develop combination therapies.*** There has been a growing trend to develop combination therapy to combine different classes of antidiabetic drugs to achieve more stable and effective glucose control while providing patients with comprehensive clinical benefits. For example, the combination of metformin with GLP-1 receptor agonists or SGLT-2 inhibitors for T2D patients with cardiovascular risks, heart failure, or chronic kidney disease are recommended.

OVERWEIGHT AND OBESITY DRUG MARKET

Overweight and obesity are chronic diseases characterized by excessive fat accumulation that poses risks to health. These conditions are the major contributors to various other health issues, such as diabetes and cardiovascular diseases. The commonly used measure for assessing overweight and obesity is the Body Mass Index (BMI), calculated as weight (kg) divided by height squared (m^2). According to international standards set by the World Health Organization and the National Institutes of Health, a BMI of 25 kg/m^2 or higher is considered overweight, while a BMI of 30 kg/m^2 or higher defines obesity. In China, guidelines suggest that a BMI between 24 kg/m^2 and 28 kg/m^2 indicates overweight, while a BMI of 28 kg/m^2 or higher indicates obesity.

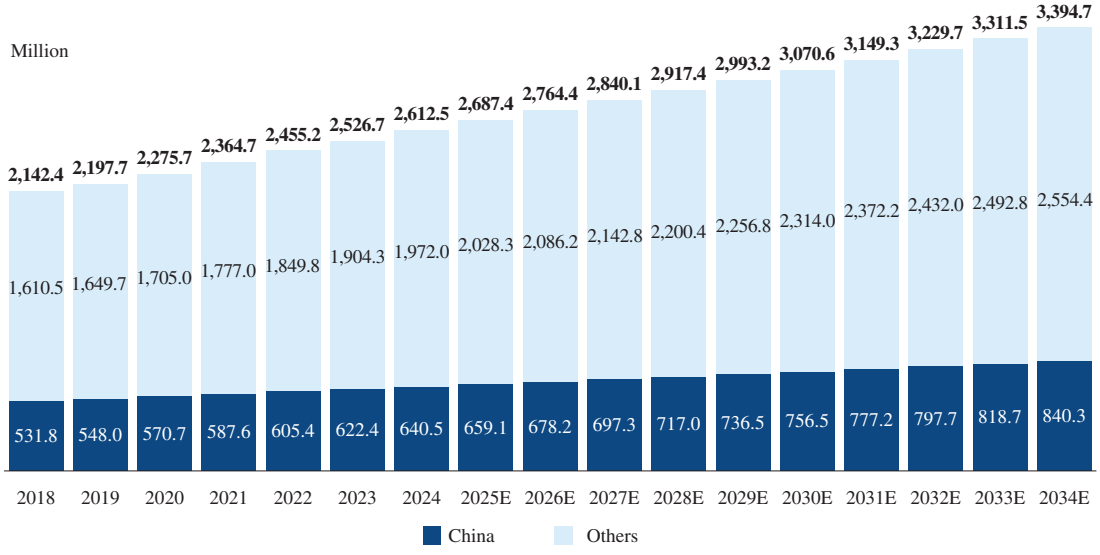
The Significant Burden and Prevalence of Overweight and Obesity

Overweight and obesity are risk factors for a range of chronic diseases, and can also lead to various social and psychological challenges. In 2021, medical costs related to these conditions exceeded RMB200 billion in China, accounting for 21.5% of the country's total medical expenses. Projection suggests that this figure will further rise to RMB418 billion by 2030. Globally, the burden of overweight and obesity is also substantial. In 2020, the global economic cost of these conditions was estimated at US$1.96 trillion, representing 2.9% of global GDP. This figure is projected to rise to US$4 trillion by 2035.

In China, the number of obesity and overweight patients has increased from 531.8 million in 2018 to 640.5 million in 2024 at a CAGR of 3.1% and is projected to reach 717.0 million by 2028 and 840.3 million by 2034. The number of obesity and overweight patients globally has grown from 2,142.4 million in 2018 to 2,612.5 million in 2024 at a CAGR of 3.4% and is expected to reach 2,917.4 million by 2028 and 3,394.7 million by 2034.

Global Prevalence of Obesity and Overweight, 2018-2034E

Period	CAGR	
	China	Global
2018-2024	3.1%	3.4%
2024-2028E	2.9%	2.8%
2028E-2034E	2.7%	2.6%

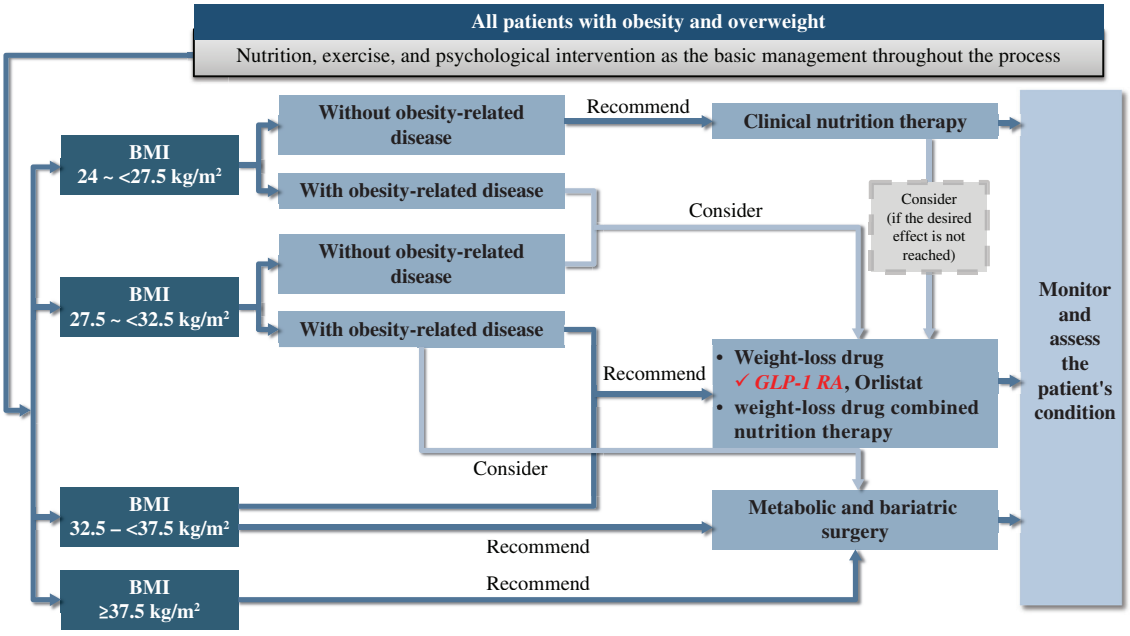


Source: annual reports, literature review, Frost & Sullivan Analysis, Worldbank, IDF diabetes Atlas

Treatment Paradigms for Overweight and Obesity

Currently, the treatment for overweight and obesity focuses on reducing and maintaining body weight, as well as managing any associated diseases and complications. A differentiated approach is typically used, depending on the degree of obesity. For patients who are overweight but do not have obesity-related conditions, weight control is primarily achieved through lifestyle interventions such as diet and exercise. For patients whose health condition process from overweight to obese, medication may be added alongside with lifestyle interventions to support weight loss. Surgery is considered a last resort, which is used for patients who are extremely obese and have no effective responses to other treatments.

The current standard of care includes orlistat and GLP-1-based therapies (e.g., liraglutide, semaglutide, and tirzepatide). GLP-1 RAs are established as first-line treatments for obesity or overweight management due to their dual efficacy in glycemic control and weight reduction. According to the American Gastroenterological Association (AGA) guidelines on pharmacological interventions for adult obesity, weight-loss drug, including GLP-1 RA and orlistat, is recommended when clinical nutrition therapy fails, or for patients with BMI between 27.5 kg/m2 to 32.5kg/m2 having obesity-related disease. The AGA guidelines also recommend Semaglutide (2.4 mg) as the preferred long-term treatment for most obese patients, due to its overall benefits. The following diagram sets out the treatment paradigm for overweight and obesity.



Note: Related diseases include but are not limited to: abnormal glycemic, dyslipidemia, hypertension, metabolic-related fatty liver disease, obstructive sleep apnea syndrome, polycystic ovary syndrome, cardiovascular disease, etc.

Source: National Health Commission "Guidelines for the Diagnosis and Treatment of Obesity (2024 Edition)", Frost & Sullivan Analysis

In China, however, treatment options are more limited. Before the first GLP-1 receptor agonist was approved in China for the treatment of overweight and obesity in June 2023, orlistat was the only drug approved by the NMPA for overweight and obesity treatment, and it is only approved for adults. Orlistat is a selective inhibitor that reduces the amount of fat the body takes in from the food, therefore leading to weight loss. However, for individuals who consume a diet high in carbohydrates or low in fats the effectiveness of Orlistat is compromised. Orlistat may also lead to certain gastrointestinal side effects, including increased gastrointestinal gas, fatty stools, and steatorrhea. Other weight loss products in the market include health supplements, meal replacements, and weight loss teas, as well as invasive options like intragastric balloons not yet widely accepted. In light of the limitations of current treatment regime, GLP-1 receptor agonist has great potential to address the substantial unmet clinical demands.

Market Size of the Overweight and Obesity Drugs

Promising trend of GLP-1 receptor agonists in treating obesity and overweight

China Market

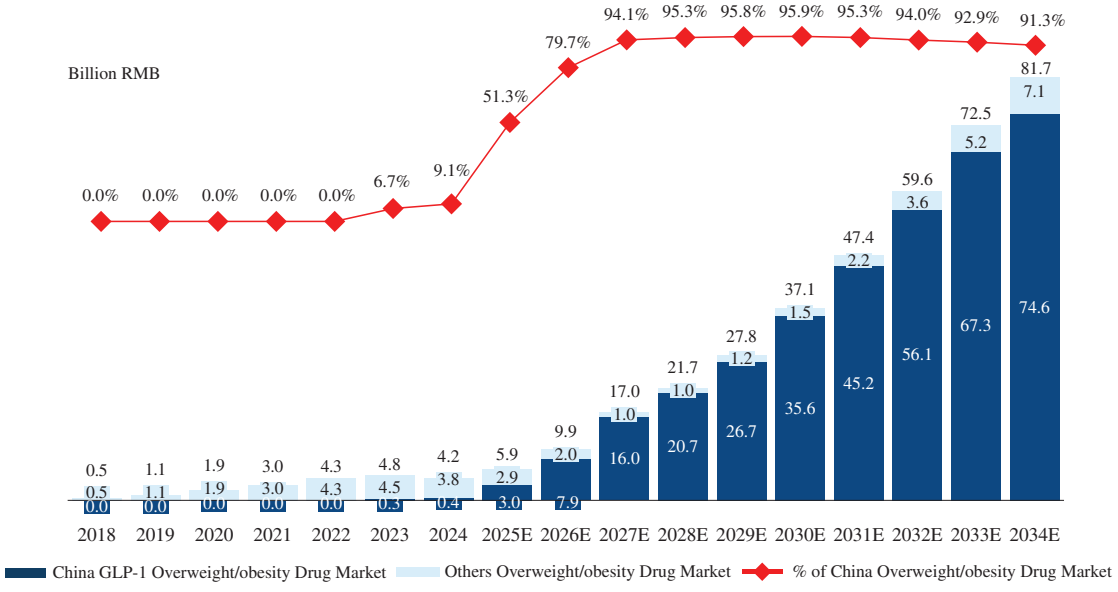
From 2018 to 2024, the obesity and overweight drug market in China grew from RMB0.5 billion to RMB4.2 billion, with a CAGR of 43.5%, and it is estimated that the market will continue to grow to 21.7billion RMB in 2028 and 81.7 billion RMB in 2034, with a CAGR of 50.8% from 2024 to 2028 and 24.7% from 2028 to 2034, respectively. Among the approved drugs in China for overweight and obesity, GLP-1 receptor agonists and other type of drugs make up 9.1% and 90.9% of the total market for overweight and obesity in China in 2024, respectively.

The first GLP-1 drug for obesity and overweight was approved in China in 2023. Since then, the market size of GLP-1 drug for obesity and overweight in China has been increasing. In 2024, GLP-1 receptor agonists accounted for 9.1% of total obesity and overweight drug market in China. As clinical applications increase and more GLP-1 receptor agonists entering the market, its market share for obesity and overweight in China is expected to reach 95.3% by 2028.

The market size of GLP-1 receptor agonist for obesity and overweight in China is expected to increase from RMB0.5 billion in 2024 to RMB20.7 billion in 2028 at a CAGR of 171.2%, and further to RMB74.6 million in 2034, at a CAGR of 23.8% from 2028 to 2034.

Obesity/Overweight Drug Market in China, 2018-2034E

Period	CAGR	
	GLP-1	Total
2018-2024	–	43.5%
2024-2028E	171.2%	50.8%
2028E-2034E	23.8%	24.7%



Source: annual reports, literature review; Chinese Pharmaceutical Affairs, Frost & Sullivan Analysis, Key Opinion Leader interview, Chinese Diabetes Society, Worldbank, Chinese Journal of Epidemiology

The significant forecast increases in the size and penetration rate of the GLP-1 drug market in China for obesity and overweight is driven by several factors. First, the treatment options for obesity have been historically limited in China. The gap between the treatment options and clinical needs highlights the substantial market opportunity for GLP-1 receptor agonists. Second, the development of long-acting GLP-1 drugs, which lowers administration frequency and improves patient compliance, is expected to promote the penetration of GLP-1 drugs. This will result in a wider patient base and greater market penetration for GLP-1 drugs, especially as the number of obese and overweight individuals in China continues to grow. Lastly, there is a robust pipeline of GLP-1 receptor agonist drug candidates under clinical development for the treatment of overweight and obesity in China. Given the limited number of currently available treatment options, the introduction of these new GLP-1 receptor agonists is expected to significantly expand the market.

Global Market

In 2024, the global obesity/overweight drug market is US$16.9 billion. It is estimated that the global obesity/overweight drug market will grow to US$36.9 billion in 2028 and US$57.7 billion in 2034, with a CAGR of 21.5% from 2024 to 2028 and 7.7% from 2028 to 2034 respectively.

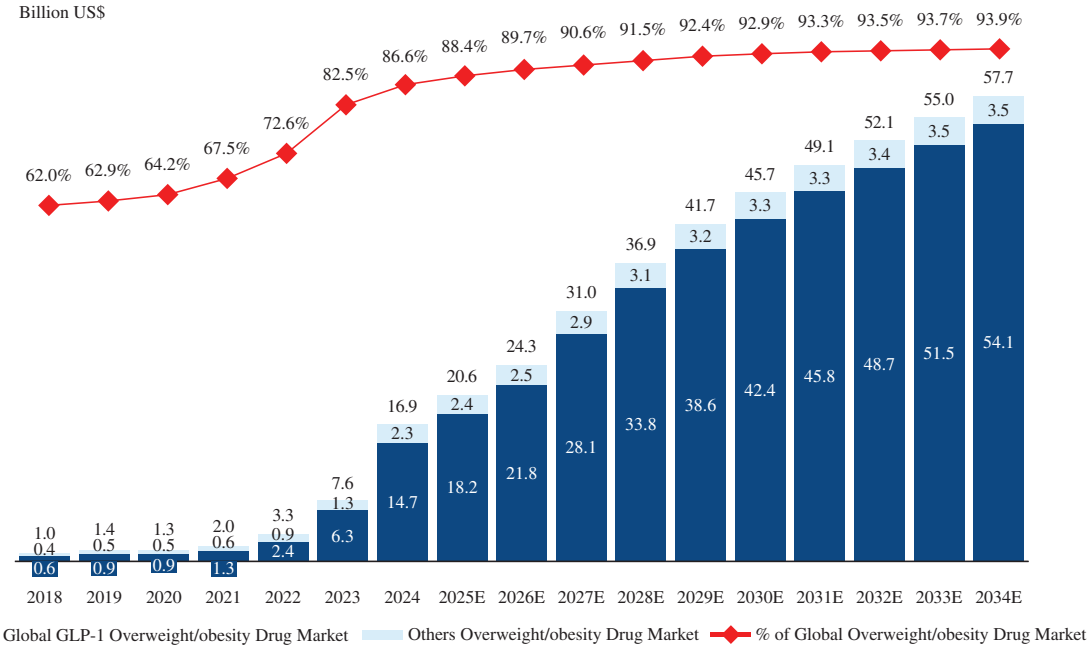
As a result of their superior efficacy and favorable safety profiles, GLP-1 receptor agonists have become the predominant drugs for the treatment of overweight and obesity in the global market.

In 2024, GLP-1 drug market for obesity/overweight account for 86.6% of total obesity/overweight drug market globally. As clinical applications increase and more GLP-1 products enter the market, the global market share of GLP-1 drug for obesity/overweight in global obesity/overweigh drug market will reach 91.5% in 2028.

From 2018 to 2024, the market size of global GLP-1 drug for obesity/overweight increased from US$0.6 billion to US$14.7 billion, with a CAGR of 69.8%. In the future, the market size of global GLP-1 drug for obesity/overweight will continue to grow steadily, and it is expected to reach US$33.8 billion in 2028 at a CAGR of 23.2%, and US$51.4 billion in 2034 at a CAGR of 8.2% from 2028 to 2034.

Global Obesity and Overweight Drug Market, 2018-2034E

Period	CAGR	
	GLP-1	Total
2018-2024	69.8%	60.6%
2024-2028E	23.2%	21.5%
2028E-2034E	8.2%	7.7%



Source: annual reports, literature review, Frost & Sullivan Analysis, Worldbank, IDF diabetes Atlas

Competitive Landscape of the Overweight and Obesity Drug Market

As of the Latest Practicable Date, there were eight approved drugs for the treatment of overweight and obesity globally (including China). Among these eight approved drugs, two of them are humanized, long-acting GLP-1 receptor agonists, namely Wegovy and Zepbound. In 2024, the market share of Zepbound and Wegovy accounted for approximately 33.6% and 57.5% of the global GLP-1 overweight and obesity drug market, respectively. The following sets forth the details of the approved humanized, long-acting GLP-1 receptor agonists in treating overweight/obesity globally:

Drug Name	Generic Name	Company	Approval Year	Global Sales Revenue, 2024 US$ in million	Dosing period
XENICAL	Orlistat	Cheplapharm	FDA: 1999 EMA: 1998 NMPA: 2000	NA	Three times a day
QSYMIA	Phentermine/ Topiramate	Vivus	FDA: 2012 EMA: 2024	NA	Once a day
CONTRAVE	Bupropion hydrochloride/ Naltrexone hydrochloride	Nalpropion	FDA: 2014 EMA: 2015	NA	Twice a day
Saxenda	Liraglutide	Novo Nordisk	FDA: 2010 EMA: 2009 NMPA: 2011	806.7	Once a day
Fitus	Beinaglutide	Benemae	NMPA: 2016	NA	Three times a day
IMCIVREE	Setmelanotide	Rhythm Pharmaceuticals	FDA: 2020 EMA: 2021	NA	Once a day
Wegovy	Semaglutide	Novo Nordisk	FDA: 2021 EMA: 2022 NMPA: 2024	8440.4	Once a week
ZEPBOUND	Tirzepatide	Lilly	FDA: 2023 EMA: 2022 NMPA: 2024	4925.7	Once a week

Source: NMPA, FDA, EMA, Literature Review, Company Websites, Frost & Sullivan analysis

As of the Latest Practicable Date, there were 51 GLP-1 receptor agonist drug candidates under clinical development for the treatment of overweight and obesity in China, of which 22 are humanized, long-acting GLP-1 receptor agonists. The other drug candidates are either animal-derived or short-acting GLP-1 receptor agonists. The following sets forth the details of the humanized, long-acting GLP-1 receptor agonist drug candidates that were in Phase II or later clinical stage in treating overweight/obesity in China as of the Latest Practicable Date:

Drug Name/Code	Company	Clinical Stage	First Posted Date	Dosing Period
IBI362	Innovent	NDA	2024/2/7	Once a week
Ecnoglutide (XW003)	Scinwind	NDA	2024/12/17	Once a week
Cagrilintide	Novo Nordisk	Phase III	2023/7/5	Once a week
BI 456906	Boehringer Ingelheim	Phase III	2023/12/14	Once a week
HRS9531	Hengrui	Phase III	2024/5/6	Once a week
HS-20094	Jiangsu Hansoh	Phase III	2024/10/31	Once a week
BGM0504	BrightGene	Phase III	2024/10/31	Once a week
GZR18	Gan & Lee	Phase III	2024/12/18	Once a day
TG103	CSPC	Phase III	2025/4/16	Once a week
Efsubaglutide α	Innogen	Phase IIb	2025/3/3	Once a week
RAY1225	Raynovent	Phase II	2024/2/6	Once a week
MWN101	Shanghai Minwei	Phase II	2024/3/7	Once a week
THDBH120	Tonghua Dongbao	Phase II	2024/12/5	Once a week
HDM1005	Hangzhou Zhongmei Huadong	Phase II	2025/1/16	Once a day
ZX2021	Xintrum	Phase II	2025/4/11	Once a week
GMA105	Gmaxbio	Phase Ib/II	2022/6/27	Once a week

Source: CDE, Company Websites, Literature Review, Frost & Sullivan analysis

As of the Latest Practicable Date, there were 44 GLP-1 receptor agonist drug candidates under clinical development for the treatment of overweight and obesity globally (excluding China), of which 20 are humanized, long-acting GLP-1 receptor agonists. The other drug candidates are either animal-derived or short-acting GLP-1 receptor agonists. The following sets forth the details of the humanized, long-acting GLP-1 receptor agonist drug candidates that were in Phase II or later clinical stage in treating overweight/obesity globally (excluding China) as of the Latest Practicable Date:

Drug Name/Code	Company	Clinical Stage	First Posted Date	Dosing Period
CagriSema	Novo Nordisk	Phase III	2022/10/5	Once a week
Retatrutide	Lilly	Phase III	2023/5/22	Once a week
BI 456906/Survodutide	Boehringer Ingelheim	Phase III	2023/10/4	Once a week
Efpeglenatide	Hanmi	Phase III	2023/12/18	Once a week
AMG 133	Amgen	Phase III	2025/2/28	Once monthly
XW003	Sciwind	Phase II	2021/11/8	Once a week
Pemvidutide (ALT-801)	Altimmune	Phase II	2022/5/15	Once a week
Dapiglutide	Zealand	Phase II	2023/3/29	Once a week
LY3305677	Lilly	Phase II	2023/11/9	Once a week
NNC0519-0130	Novo Nordisk	Phase II	2024/3/22	Once a week
CT-388	Carmot	Phase II	2024/7/29	Once a week
CPX101	Gmax Biopharm	Phase II	2024/8/1	Once two weeks/ Once Monthly
NN9541	Novo Nordisk	Phase II	2024/11/20	Once a week
AZD9550	AstraZeneca	Phase II	2025/3/6	Once a week
ASC30	Ascletis Pharma	Phase I/II	2024/11/8	Once a day/Once a month

Source: Clinical Trials, Company Websites, Literature Review, Frost & Sullivan analysis

Growth Drivers for the Obesity and Overweight Drug Market

The growth of the obesity and overweight drug market is driven by the following key factors.

- ***Unmet clinical needs.*** The China and global prevalence of obesity and overweight has been increasing rapidly for both young and the seniors as a result of modern lifestyles, such as over diet and lack of physical activity. Despite the growing number of people affected, there are still relatively few drugs approved for treating these conditions, creating a significant unmet clinical demand.

- ***Rising awareness for obesity and overweight management.*** The rising public awareness regarding the health risks associated with obesity and overweight has led to a surge in demand for effective obesity and overweight management solutions. In particular, the younger generations, who are increasingly impacted by obesity and overweight, are showing a greater willingness to engage in weight management treatments.

- ***Favorable government policies.*** Governments are implementing policies to support effective and innovative therapies for obesity and weight management. For instance, in 2024, National Health Commission and 16 other departments launched the "Weight Management Year" initiative, which focuses on creating supportive environments for weight management and increasing public awareness about obesity and overweight treatments. Such government-led efforts are spurring demand for weight management medications and contributing to the market growth.

Future Trends for the Obesity and Overweight Drug Market

The future trend of the obesity and overweight drug market includes the development of long-term, sustainable treatments and the prioritization of drug safety.

- ***Development of innovative drugs suitable for long-term weight management.*** Obesity is recognized as a chronic condition with a high risk of relapse. Patients frequently experience rebound weight gain after discontinuing treatment, and some medications are associated with side effects such as elevated blood pressure and other health risks. As a result, the obesity and overweight drug market is focused on creating treatment options suitable for long-term use, such as GLP-1 receptor agonists.

- ***Prioritizing safety in drug development.*** Historically, some weight-management medications, such as amphetamines and sibutramine, were removed from the market due to severe side effects, including irreversible damage to the cardiovascular system, central nervous system risks, and potential for addiction. Therefore, the development of innovative therapies with favorable safety profile and suitable for long-term weight management is critical. For instance, GLP-1 receptor agonists stand out as a major advancement in this respect.

MASH DRUG MARKET

MASH is a serious liver condition caused by inflammation and damage due to the buildup of fat in the liver. It is a more severe form of metabolic associated fatty liver disease (MAFLD). If MASH is left untreated, it can lead to liver scarring (fibrosis), which may progress to scarring, cirrhosis and even liver cancer.

For individuals with MAFLD and those at high risk of being diagnosed with MAFLD, assessing the risk of advanced fibrosis is crucial. Among the various scores available for this purpose, the Fibrosis-4 (FIB-4) score is recommended as a first-line assessment indicator for fibrosis in certain chronic liver diseases due to its wide clinical application and good diagnostic efficacy. The FIB-4 score is a non-invasive clinical marker that enables simpler calculation based on the patient's age, levels of alanine aminotransferase (ALT) and aspartate aminotransferase (AST), and platelet count. A higher FIB-4 score suggests a greater likelihood of significant liver fibrosis, while a lower score indicates minimal or no fibrosis.

The Significant Burden and Prevalence of MASH

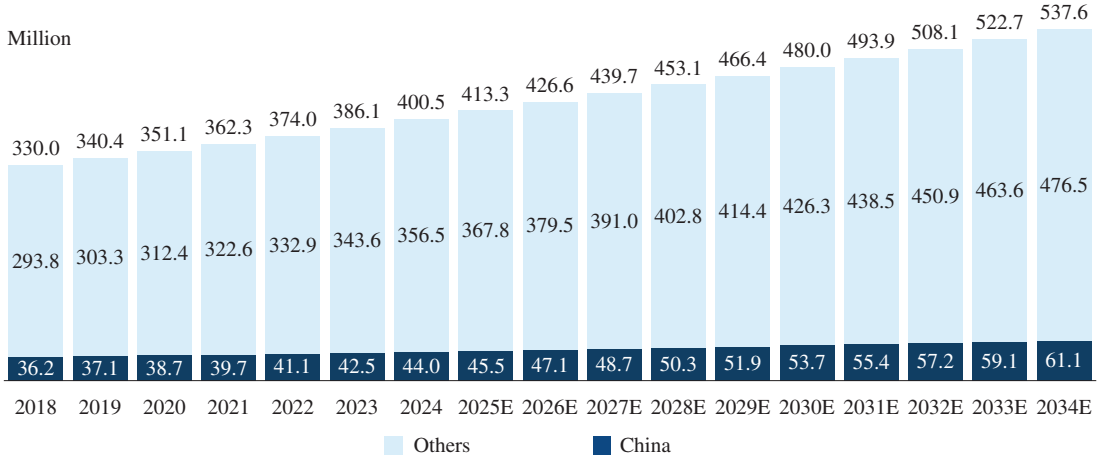
MASH is a life-threatening disease. It could lead to liver scarring, cirrhosis or even liver cancer. Approximately 3.1% and 4.9% population suffering from MASH in China and globally in 2024, respectively. The lifetime cost of care for all MASH patients in the United States alone reached US$250.6 billion in 2023.

The prevalence and impact of MASH are also rising in China. Epidemiological studies and modeling studies suggest that deaths related to MASH in China will increase from 25,580 in 2016 to 55,740 by 2030. Additionally, a systematic review of cirrhosis-related deaths in China indicated that 32.6% of these deaths were linked to MASH, and MASH accounted for 1.25% of all-cause mortality in China. The annual liver disease mortality in MASH patients was 11.77%, and the all-cause mortality was 25.56% in China. In addition, MASH is often associated with several other chronic conditions, including obesity, diabetes, and cardiovascular diseases, further complicating treatment and increasing the overall health burden on patients and healthcare systems.

In China, the number of MASH patients has increased from 36.2 million in 2018 to 44.0 million in 2024 at a CAGR of 3.3% and is projected to reach 50.3 million by 2028 and 61.1 million by 2034. The number of MASH patients globally has grown from 330.0 million in 2018 to 400.5 million in 2024 at a CAGR of 3.3% and is expected to reach 453.1 million by 2028 and 537.6 million by 2034.

Global Prevalence of MASH, 2018-2034E

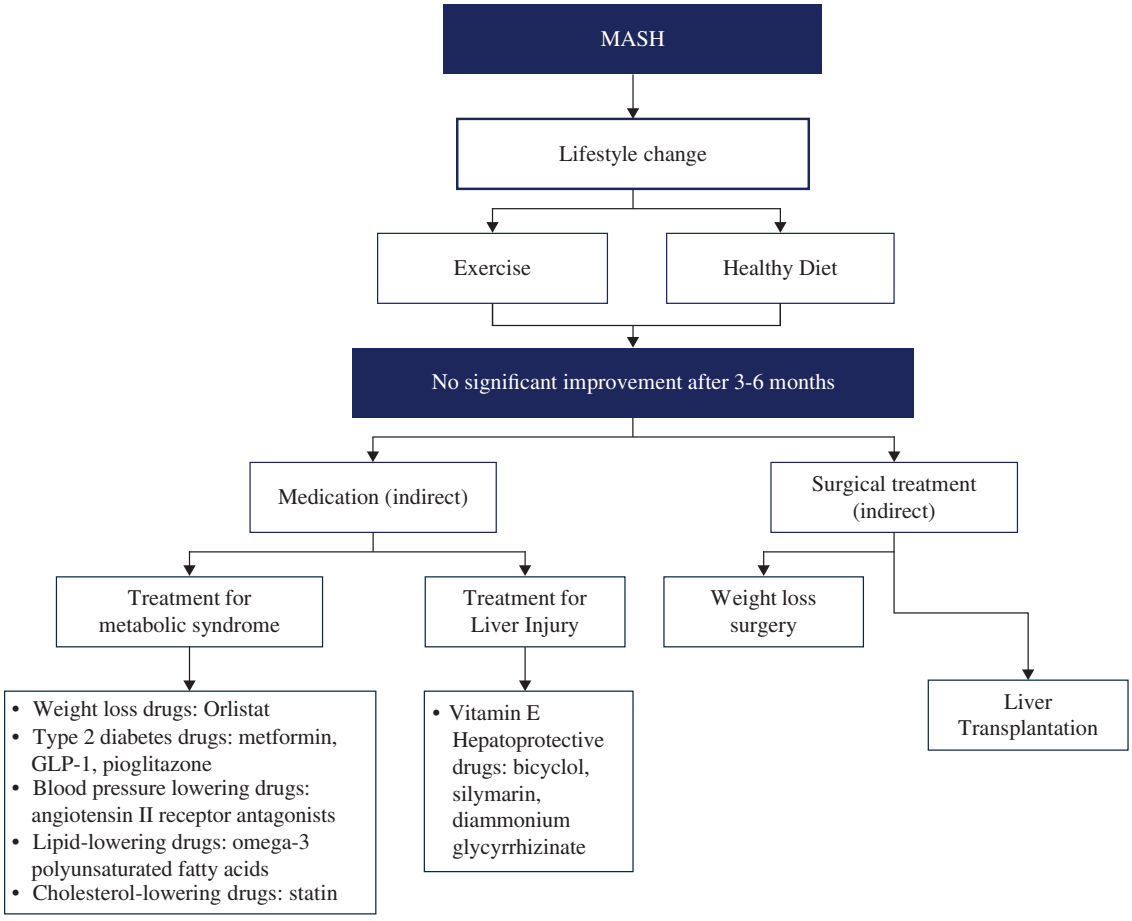
Period	CAGR	
	China	Global
2018-2024	3.3%	3.3%
2024-2028E	3.4%	3.1%
2028E-2034E	3.3%	2.9%



Source: annual reports, literature review, Frost & Sullivan Analysis, Worldbank, Clinicaltrials.gov

Treatment Paradigm for MASH

The treatment of MASH can be categorized into lifestyle intervention, drug therapy, and surgical intervention. The current standard of care consists of vitamin E, silymarin, polyene phosphatidylcholine, bicyclic alcohol, and glycyrrhizic acid derivatives. These treatment options are also first-line treatments. While GLP-1 receptor agonists are not yet designated as first-line treatment for MASH, they are being evaluated in clinical trials for this indication. Due to its complex etiology, the treatment of MASH relies heavily on a multi-mechanistic approach using combination therapy. The following diagram sets out the treatment paradigm for MASH.



Source: Literature Review, Frost & Sullivan Analysis

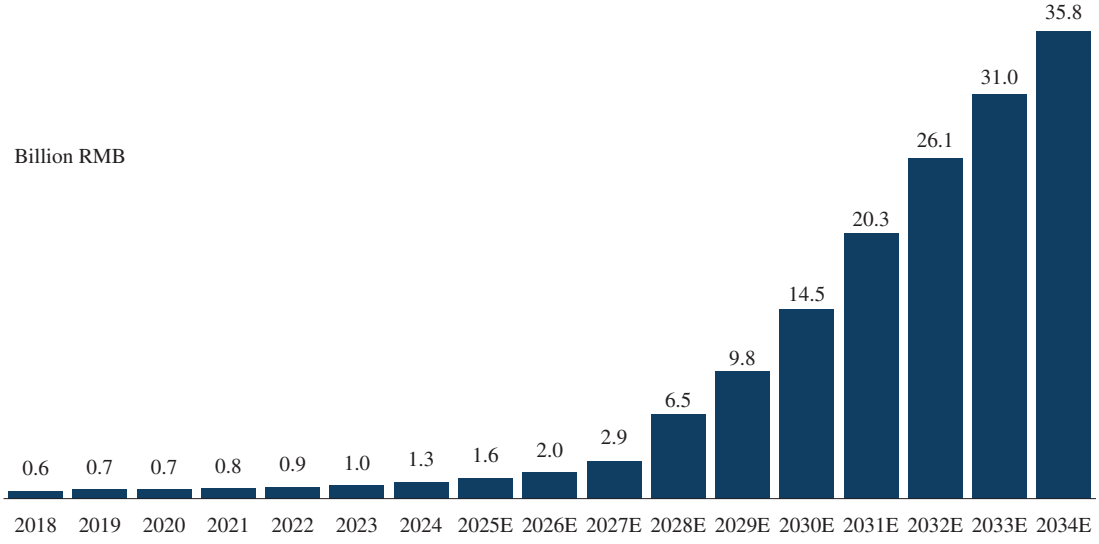
As of the Latest Practicable Date, there were no drugs approved for MASH in China and only two drugs were approved for the treatment of MASH globally: Lipaglyn in India (approved in 2020) and Rezdiffra in the U.S. (approved in 2024). The available therapies focus on managing symptoms rather than curing the disease, highlighting a significant unmet clinical need.

Market Size of the MASH Drugs

From 2018 to 2024, the market size of MASH drugs in China increased from RMB0.6 billion to RMB1.3 billion, with a CAGR of 12.0%. In the future, the market size of MASH drugs in China will continue to grow steadily, and it is expected to reach RMB6.5 billion in 2028, with a CAGR of 50.3% from 2024 to 2028, RMB35.8 billion in 2034 with a CAGR of 33.0% from 2028 to 2034.

MASH Drug Market in China, 2018-2034E

Period	CAGR
2018-2024	12.0%
2024-2028E	50.3%
2028E-2034E	33.0%



Source: annual reports, literature review, Frost & Sullivan Analysis

MASH, for which there are currently no approved treatments in China, presents a significant unmet medical need. Existing treatments, such as liver-protective drugs, only address symptoms but do not target the root causes of the disease. However, with ten innovative GLP-1 receptor agonist candidates under clinical development for MASH in China, the approval of these therapies will address this gap in treatment options. Once these therapies are approved and commercialized, treatment rates are expected to rise substantially due to their potential for satisfying huge clinical demands. This will contribute to a significant increase in the market size and the GLP-1 drug share in China.

In 2024, the global MASH drug market is US$3.4 billion. It is estimated that the global MASH drug market will grow to US$16.4 billion in 2028 and US$53.6 billion in 2034, with a CAGR of 48.3% from 2024 to 2028 and 21.9% from 2028 to 2034 respectively.

Source: annual reports, literature review, Frost & Sullivan Analysis, Worldbank, Clinicaltrials.gov

Competitive Landscape of the MASH Drug Market

As illustrated in the following table, as of the Latest Practicable Date, there were only two drugs approved for the treatment of MASH globally.

Brand Name	Generic Name	Company	Drug Type	Target	Approval Year	Annual Treatment Costs
Lipaglyn	Saroglitazar Magnesium	Zydus Cadila	Small molecule	PPARα/γ	Drugs Controller General of India: 2020	US$1,587
Rezdiffra	Resmetirom	Madrigal	Small molecule	THR-β	FDA: 2024	US$50,721

Source: Frost & Sullivan analysis

As of the Latest Practicable Date, there were ten GLP-1 receptor agonist drug candidates under clinical development for the treatment of MASH in China, of which five are humanized, long-acting GLP-1 receptor agonists, and there were no approved drug for the treatment of MASH in China. The following sets forth the details of the five humanized, long-acting GLP-1 receptor agonist drug candidates in treating MASH in China as of the Latest Practicable Date.

Drug Name/Code	Company	Clinical Stage	First Posted Date	Human/Animal	Dosing Period
Semaglutide	Novo Nordisk	Phase III	2021/7/27	Human	Once a week
BI 456906	Boehringer Ingelheim	Phase III	2024/12/20	Human	Once a week
HEC88473	Dongguan HEC	Phase II	2023/8/17	Human	Once a week
MK-6024	Merck	Phase II	2023/10/19	Human	Once a week
XW003	Sciwind	Phase I	2021/6/21	Human	Once a week

Source: Frost & Sullivan analysis

As of the Latest Practicable Date, there were 15 GLP-1 receptor agonist drug candidates under clinical development for the treatment of MASH globally (excluding China), of which nine are humanized, long-acting GLP-1 receptor agonists. The other six are either animal-derived or short-acting GLP-1 receptor agonists. The following sets forth the details of the nine humanized, long-acting GLP-1 receptor agonist drug candidates in treating MASH globally (excluding China) as of the Latest Practicable Date.

Drug Name/Code	Company	Clinical Stage	First Posted Date	Dosing Period
Semaglutide	Novo Nordisk	Phase III	2021/3/30	Once a week
Survodutide/BI 456906	Boehringer Ingelheim	Phase III	2024/3/13	Once a week
Tirzepatide	Lilly	Phase II	2019/11/18	Once a week
HM15211	Hanmi	Phase II	2020/8/10	Once a week
Efinopegdutide	Merck Sharp & Dohme	Phase II	2023/5/26	Once a week
Pemvidutide	Altimmune	Phase II	2023/8/14	Once a week
XW003	Sciwind	Phase I	2020/5/15	Once a week
ALT-801	Altimmune	Phase I	2020/9/23	Once a week
VK2735	Viking Therapeutic	Phase I	2022/1/24	Once a week

Source: Frost & Sullivan analysis

Growth Drivers for the MASH Drug Market

The growth of the MASH drug market is driven by the following key factors.

- ***Unmet clinical Needs.*** MASH is a serious metabolic liver disorder that is closely linked to conditions like obesity, T2D, and metabolic syndrome, all of which are becoming increasingly prevalent as a result of modern lifestyles characterized by poor diets and sedentary behavior. The global prevalence of MASH is rising, but effective treatment options are scarce. Existing treatments largely focus on managing symptoms rather than addressing the root causes of the disease. As of the Latest Practicable Date, there were no drugs approved for MASH in China.

- ***Increasing awareness for MASH.*** As awareness of MASH increases, there is a greater emphasis on early diagnosis and intervention. This is leading to more widespread screening and earlier treatment, which in turn drives demand for therapeutic solutions. As more healthcare providers recognize the importance of managing MASH alongside other metabolic conditions, the market for MASH treatments is expected to expand significantly.

- ***Accelerating R&D progress for innovative treatment methods.*** While the exact causes of MASH are still not fully understood, research into its genetic and metabolic origins is advancing rapidly. Regulatory agencies, such as the FDA and the European Medicines Agency, are actively supporting this research by providing guidance on how to conduct clinical trials for MASH drugs. In China, the NMPA has issued guidelines to standardize the development of MASH treatments. These supportive policies are helping accelerate the pace of drug development, ensuring that new therapies can reach the market more quickly.

Future Trends for the MASH Drug Market

The future of the MASH drug market focuses on developing treatments that provide comprehensive clinical benefits and are suitable for long-term use.

- ***Development of innovative drugs that offer comprehensive clinical benefits.*** MASH is a complex disease that often coexists with other metabolic conditions. Therefore, therapies offering broad, multi-faceted clinical benefits are desired. Among MASH candidates currently in development, GLP-1 drugs are particularly promising because they not only improve MASH-related liver symptoms, such as reducing fat accumulation and inflammation, but also lower blood sugar levels, promote weight loss, and protect liver cells.

- ***Development of drugs suitable for long-term use.*** MASH progresses slowly over time, and the associated liver damage can take years to develop into more severe conditions, such as cirrhosis or liver failure. As a result, future MASH therapies will be designed with long-term efficacy and favorable safety profile, ensuring that they can provide sustained benefits to patients over the course of the disease.

ALZHEIMER'S DISEASE (AD) DRUG MARKET

AD is a progressive neurodegenerative disorder and the leading cause of dementia, accounting for 60-70% of dementia cases worldwide. The primary risk factor for developing AD is advanced age, making the elderly population the most vulnerable.

In China, the financial burden of AD is immense, with the average annual cost per patient estimated at RMB130,000. By 2030, the total expenditure related to AD in China is projected to reach US$507.5 billion. Beyond the financial toll, caregiving for AD patients is also demanding. According to a 2019 investigation, 80.1% of caregivers report that they must constantly attend to patients, while 78.4% say their social lives are negatively affected. Additionally, 68.6% suffer from lack of sleep, and 74.4% express a desire to escape their current caregiving responsibilities.

Current Treatment and Limitations

Managing AD requires early diagnosis, timely treatment, and lifelong care. Current treatments can only relieve symptoms and slow disease progression. Patients must rely on medication for life, underscoring the significant unmet clinical need for more effective therapies.

In China, the available drugs for AD mainly focus on easing symptoms. Primary types of medications used in treatment include (i) cholinesterase inhibitors such as donepezil, carboplatin/lisdexamfetamine, and galantamine, (ii) glutamate receptor agonists such as memantine, (iii) brain-gut axis targeting agents such as Ganoderma, and (iv) lecanemab, a monoclonal antibody that directly targets and reduces Aβ plaques, a protein that are associated with the progression of AD.

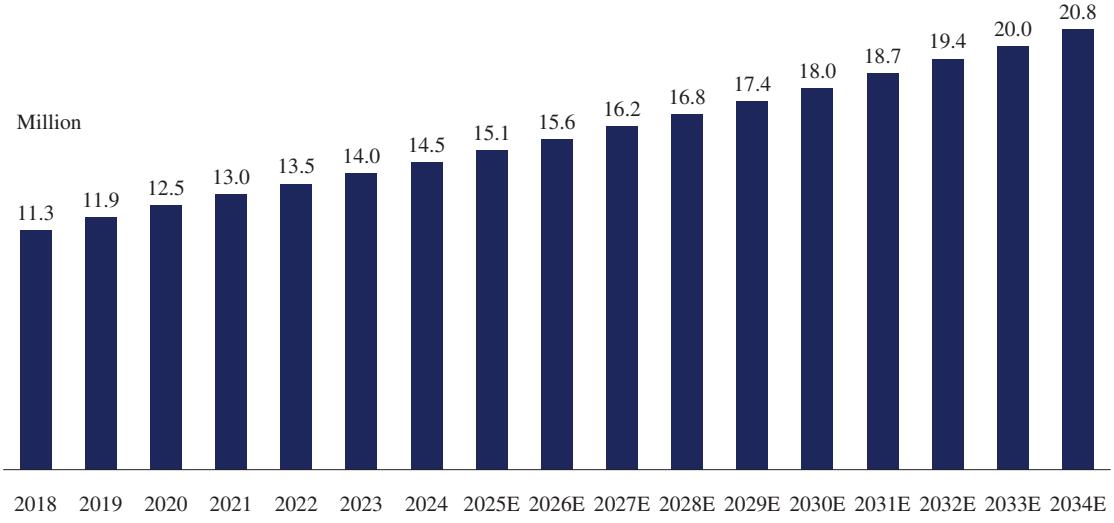
Among these currently available treatments for AD in China, cholinesterase inhibitors, may cause gastrointestinal side effects like nausea, vomiting, and diarrhea, and their effectiveness is limited in patients with severe AD. Glutamate receptor agonists, may lead to psychiatric side effects such as hallucinations, anxiety, and depression, and can interfere with normal brain functions and neuroplasticity, particularly at therapeutic doses. Additionally, brain-gut axis targeting agents such as Ganoderma may vary in effectiveness due to differences in gut microbiota between individuals, requiring personalized treatment approaches. Lecanemab directly targets Aβ plaques but is not effective in patients with normal cognitive function or advanced AD, and it neither prevents nor cures the disease. Overall, these treatments offer limited effectiveness and are associated with significant side effects.

Growing Patient Prevalence and Market Size for AD in China

The number of AD patients in China has grown from 11.3 million in 2018 to 14.5 million in 2024 at a CAGR of 4.3% and is expected to reach 16.8 million by 2028 and 20.8 million by 2034.

Prevalence of Alzheimer's disease in China, 2018-2034E

Period	CAGR
2018-2024	4.3%
2024-2028E	3.7%
2028E-2034E	3.6%

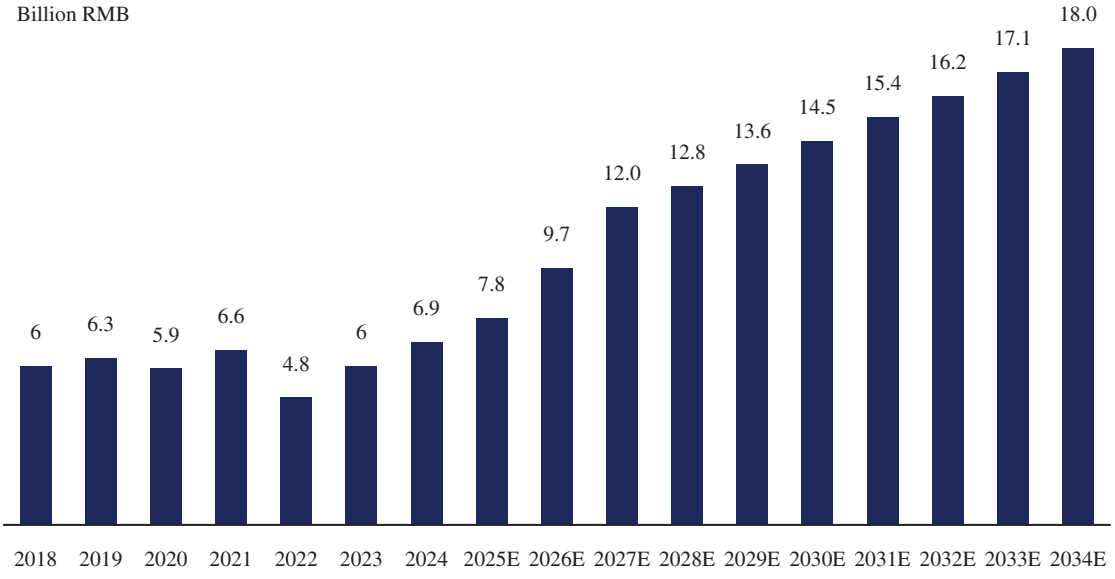


Source: annual reports, literature review, Frost & Sullivan analysis

From 2018 to 2024, the market size of Alzheimer's disease drugs in China increase from 6.0 billion RMB to 6.9 billion RMB, with a CAGR of 2.4%. In the future, the market size of Alzheimer's disease drugs in China will grow steadily, and it is expected to reach 12.8 billion RMB in 2028, with a CAGR of 16.7% from 2024 to 2028, 18.0 billion RMB in 2034 with a CAGR of 17.3% from 2028 to 2034.

Alzheimer's Disease Drug Market in China, 2018-2034E

Period	CAGR
2018-2024	2.4%
2024-2028E	16.7%
2028E-2034E	17.3%



Source: annual reports, literature review, Frost & Sullivan Analysis

Competitive Landscape of AD Drug Market in China

In China, the available drugs for AD are mainly generic drugs focusing on easing symptoms. As of the Latest Practicable Date, four innovative drugs for the treatment of AD were approved in China, including Leqembi, Ebixa, JiuQiYi and Kisunla.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent market research and consulting firm, to provide an analysis of, and to produce a report (the "Frost & Sullivan Report") on metabolic disease and AD drug markets. Frost & Sullivan provides professional services including, among others, industry consulting, commercial due diligence and strategic consulting. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report, which was prepared solely for the purpose of the [**REDACTED**] and is disclosed with the consent of Frost & Sullivan. We started to engage Frost & Sullivan as our industry consultant since 2022 and commissioned Frost & Sullivan to prepare the Frost & Sullivan Report for the purpose of the [**REDACTED**] for a fee of RMB450,000. The report was prepared independent of the influence of us and other interested parties. We have extracted certain information from the Frost & Sullivan Report in this section, as well as elsewhere in this Document, to provide our potential [**REDACTED**] with a more comprehensive presentation of the industry we operate in. In preparing the Frost & Sullivan Report, Frost & Sullivan conducted both primary and secondary research utilizing diverse resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics, National Medical Products Administration, Food and Drug Association, National Health Commission of the People's Republic of China, and World Health Organization.

The market projections in the Frost & Sullivan report are based on the following assumptions: (i) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period, such as the increasing number of disease incidences mainly owing to aging population, strengthened public awareness of healthcare, enhanced patient affordability, and enriched drugs and therapies; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business:

Regulatory Authorities

The regulatory authorities of the drug industry in the PRC include: the National Medical Products Administration (國家藥品監督管理局) (the "NMPA"), the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) (the "NHC") and the National Healthcare Security Administration (國家醫療保障局) (the "NHSA").

The NMPA is an authority under the State Administration for Market Regulation (國家市場監督管理總局) (the "SAMR") and is the primary regulator for medical products. It is primarily responsible for supervising and managing drugs, medical devices and cosmetics, including drafting of relevant regulations and policies; undertaking standard management, registration regulation, quality management and post-market risk management for drugs, medical devices and cosmetics; and organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics; undertaking management of qualifications for licensed pharmacists.

The NHC is the primary national regulator for public health. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of medical and health system, organizing the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practicing of medical personnel.

The NHSA is an authority directly under the State Council of the PRC (中華人民共和國國務院) (the "State Council") responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; organizing the formulation of a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

Laws and Regulations in Relation to New Drugs

Application for New Drug Registration

Drug registration refers to an approval process where the NMPA conducts review of the safety, efficacy and quality controllability of the drugs intended for marketing according to the application for drug registration made by an applicant, and decides whether to approve the application. Pursuant to the provisions of the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), promulgated by the SAMR on January 22, 2020 and came into effect on July 1, 2020, the Measures for the Administration of Drug Registration (2020) shall apply to the development, registration, supervision and management activities carried out in the territory of the PRC for marketing of drugs. In accordance with the Measures for the Administration of Drug Registration (2020), drugs registration refers to activities that a drug registration applicant files an application and other supplementary applications for clinical drug trial, approval for drug marketing, and reregistration, among others, under the legal procedures and according to the relevant requirements, and that the medical products administrative department examines the safety, effectiveness, and quality controllability based on the laws and regulations, and the existing scientific cognitions, to decide whether to agree with the activities applied for. A drug registration certificate shall be valid for five years. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

Non-clinical Research and Animal Testing

The non-clinical safety assessment of drugs for marketing approval shall be conducted in accordance with the Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) promulgated by the State Food and Drug Administration (the "SFDA") in August 2003 and latest amended by the China Food and Drug Administration (the "CFDA") in July 2017 and came into effect on September 1, 2017. The SFDA promulgated the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》) in April 2007, which specifies the requirements for institutions applying for Good Laboratory Practices (GLP) certification of non-clinical laboratory studies. On January 19, 2023, the NMPA amended the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》), which came into effect on July 1, 2023.

According to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission in November 1988 and lastly amended in March 2017 by the State Council, the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision in December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試

行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities in December 2001 and came into effect in January 2002, using experimental animals and related products requires a Certificate for Utilization of Laboratory Animals. A Certificate for Utilization of Laboratory Animals shall be valid for five years, and the holder shall apply for renewal six months prior to the expiry of the validity period. A Certificate for Utilization of Laboratory Animals shall be inspected annually by the local Science and Technology Bureau.

Application for Clinical Trial

After completing the pre-clinical studies, the applicant must obtain approval for clinical trials of drugs from the NMPA before the conduction of new clinical drug trials. According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017 and came into effect on May 1, 2017, the decision on the approval of clinical trials of drugs enacted by the CFDA can be made by the CDE from May 1, 2017. Pursuant to the Drug Administration Law, the dossier on a new drug research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the relevant data, files and samples, shall, in accordance with the regulations of the drug regulatory authority under the State Council be truthfully submitted to the said department for approval before clinical drug trial is conducted.

The drug regulatory authority of under State Council shall decide whether to approve the clinical trial application and notify the decision to the clinical trial applicant within sixty (60) business days from the date of accepting the clinical trial application. If the drug regulatory authority under the State Council fails to do so, the clinical trial application shall be deemed as approval, and if the bioequivalence test is conducted, it is required to report it to the drug regulatory authority under State Council for filing.

Before conducting the clinical trial, the applicant shall file a series of detailed documents with the NMPA. According to the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013, and the Standard for the Management of Drug Clinical Trial Registration and Information Disclosure (Trial) (《藥物臨床試驗登記與信息公示管理規範(試行)》), which came into effect in July 2020, all clinical trials approved by the CFDA and conducted in the PRC shall complete the clinical trial registration and information disclosure on the Drug Clinical Trial Information Platform. The applicant must complete the initial registration of the trial within one month after obtaining the approval of the clinical trial to obtain the unique registration number of the trial; and complete the subsequent data registration before the first patient is enrolled and submit it for the first time for disclosure.

After obtaining clinical trial approval, the applicant shall choose institutions qualified for clinical trials of the drug to conduct clinical trials. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect in December 2019, if engaging in drug development activities and conducting clinical trials of drugs (including bioequivalence test conducted after filing) approved by the NMPA within the

territory of the PRC, they shall be conducted in the Drug Clinical Trial Institutions. Drug clinical trial institutions shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The national drug regulatory authority is responsible for setting up a filing management information platform for drug clinical trial institutions for registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information on supervision and inspection of the drug regulatory authority and competent healthcare authority

Conduct of Clinical Trial

In compliance with the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), clinical trials are divided into Phase 1, Phase 2, Phase 3, Phase 4 and bioequivalence trial:

A clinical drug trial to be carried out shall be examined and approved by the ethics committee. The management of drugs used in a clinical drug trial shall satisfy the relevant requirements of the GCP. A sponsor approved to carry out clinical drug trial shall, before carrying out subsequent clinical drug trial by stages, develop corresponding plan for clinical drug trial, carry out clinical drug trial upon examination and with consent of the ethics committee, and submit corresponding plan for clinical drug trial and supporting materials on the website of the CDE.

Clinical trials shall be conducted for the application of new drug registration and shall be implemented in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), promulgated by the NMPA and NHC and came into effect on July 1, 2020.

The Good Clinical Practice for Drug Trials stipulates the criteria for the entire procedure of the clinical trial including pre-clinical trial preparation and the necessary conditions, protection of testees' rights and interests, trial protocols, duties of researchers, duties of sponsors, duties of monitors, trial record and report, data management and statistical analysis, administration of drug products for trial, guarantee for quality, polycentric trials, with reference to the internationally recognized principles.

According to the Announcement of the National Medical Products Administration on Adjusting the Review and Approval Procedures for Drug Clinical Trials (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), if a new drug clinical trial has been approved to be carried out, after the completion of Phase 1 and Phase 2 clinical trials and before the implementation of Phase 3 clinical trials, the applicant shall submit an application for a communication meeting to the CDE to discuss with the CDE on key technical issues including the design of the phase 3 clinical trial design. The applicant can also apply for communication on key technical issues at different stages of clinical research and development.

According to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), applicants may communicate with CDE on major issues at critical stages such as prior to application for clinical trial of a drug, during the process of clinical trial of a drug, and prior to application for marketing authorization of a drug. According to the Measures for the Administration of Communication and Exchange in Drug Development and Technology Review (《藥物研發與技術審評溝通交流管理辦法》) promulgated by the CDE on December 10, 2020, an applicant may propose to convene a communication meeting with the CDE during the process of drug research and development and registration application. There are three types of communication and exchange meetings: Type I meetings are held to resolve major safety issues encountered in the course of clinical trials of drugs and major technical issues in the course of R&D of breakthrough therapeutic drugs; Type II meetings are held for drugs at critical stages of R&D, which mainly include pre-application meetings for new drugs, meetings after the conclusion of Phase II clinical trials and before the commencement of Phase III clinical trials, meetings before application for marketing authorization of new drugs, and meetings for risk assessment and evaluation of new drugs. Type III meetings shall refer to meetings other than Type I and Type II meetings.

New Drug Application

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), after completing the pharmaceutical research, pharmacological and toxicological research, clinical drug trial, and other researches supporting the marketing registration of a drug, determining the quality standards, completing the verification of commercial large-scale production process, and making sound preparation for the acceptance of drug registration inspection and examination, an applicant shall file an application for drug marketing authorization, and submit relevant research materials in accordance with the requirements of the application materials. After the formal examination of the application materials, an application that satisfies the requirements shall be accepted. Where a generic drug, *in vitro* diagnostic reagent managed as a drug, or any other eligible circumstance assessed by an applicant to be unnecessary or impossible for conducting clinical drug trial and meeting the conditions for exempting clinical drug trial, the applicant may directly file an application for drug marketing authorization. The technical guiding principles and relevant specific requirements for exempting clinical drug trial shall be developed and announced by the CDE.

The CDE shall organize pharmaceutical, medical and other technical personnel to evaluate the accepted applications for drug marketing authorization as required. Where the comprehensive evaluation conclusion is adopted, the drug shall be approved for marketing, and a drug registration certificate shall be issued. If the comprehensive evaluation conclusion is not adopted, a disapproval decision shall be made. A drug registration certificate shall specify the drug approval number, holder, manufacturer and other information.

Drug registration inspection means the inspection activities carried out for the development sites and production sites for verifying the authenticity and consistency of the application materials and the commercial production conditions for marketing of drugs, and examining the compliance of drug development, and data reliability, among others, and the

extended examination activities carried out for manufacturers, suppliers, or other entrusted institutions of chemical active pharmaceutical ingredients ("APIs"), auxiliary materials, and packaging materials and containers in direct contact with drugs involved in the application for drug registration, if necessary.

The CDE shall decide whether to carry out on-site inspection of drug registration development based on risks, according to the degree of drug innovation and the previous acceptance of inspection by drug research institutions.

The CDE shall decide whether to launch production site inspection for drug registration based on risks according to factors such as variety, process, facility, and previous acceptance of inspection for which an application is filed for registration. For innovative drugs, new modified drugs and biological products, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be conducted. For generic drugs, production site inspection for drug registration and premarketing examination for management standards for drug production quality shall be conducted based on the risks, according to whether a drug production license for the corresponding production scope has been obtained and whether a variety of the same dosage form has been marketed.

After an application for drug registration is accepted, the CDE shall conduct preliminary examination within forty (40) business days of acceptance, notify the Center for Food and Drug Inspection of NMPA (the "Center for Inspection") of organizing inspection and provide the relevant materials required for inspection, where production site inspection for drug registration is required, and concurrently notify the applicant and the medical products administrative department of the province, autonomous region, or municipality in the place where the applicant or production enterprise is located. In principle, the Center for Inspection shall complete the inspection work forty (40) business days prior to the expiry of the time limit for inspection, and report the inspection information, inspection results and other relevant materials to the CDE.

Drug registration examination shall include standard review and sample examination. Standard review means the laboratory assessment of the scientificity of the items set in the standards for the drug for which the applicant applies, the feasibility of the test methods, and the rationality of quality control indicators, among others. Sample examination means the laboratory examination carried out for samples according to the application of the applicant or the drug quality standards verified by the CDE.

The review period for an application for drug marketing authorization shall be 200 business days. Within this two hundred (200) business days period, the review period for the procedures for prioritized review and approval shall be one hundred and thirty (130) business days, and the review period for the procedures for prioritized review and approval for clinically and urgently needed overseas-marketed drug for a rare disease shall be seventy (70) business days.

The following duration shall be excluded from the relevant work period: (i) time taken for the applicant to provide supplementary materials, to make corrections upon examination as well as to verify manufacturing process, quality standards and literature in accordance with the requirements; (ii) delay in examination or inspection due to reason of the applicant, time taken for organizing expert advisory meetings; (iii) the suspended duration in the event of suspension of review and approval procedures pursuant to the provisions of laws and regulations; and (iv) time taken for overseas examination where such overseas examination is activated.

Reform of Evaluation and Approval System for Drugs

In August 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the "Reform Opinions"), which provides a framework for reforming the evaluation and approval system for drugs and indicates enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs.

In November 2015, the CFDA promulgated the Announcement on Certain Policies for Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》) (the "Certain Policies Announcement"), which further clarifies the measures and policies on simplifying and accelerating the approval process on the basis of the Reform Opinions.

Pursuant to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA in March 2017 and came into effect in May 2017, the clinical trial approval decisions on drugs (including domestic and imported) can be directly made by the CDE in the name of the CFDA; decisions on approval of drug supplementary applications (including domestic and imported); decisions on approval of re-registration of imported drugs.

The Evaluation and Approval Procedures for Breakthrough Therapeutic Drugs (Trial) (《突破性治療藥物審評工作程序(試行)》), the Evaluation and Approval Procedures for Conditionally Approved Drugs (Trial) (《藥品附條件批准上市申請審評審批工作程序(試行)》) and The Preferential Evaluation and Approval Procedures for Drug Marketing Authorization (Trial) (《藥品上市許可優先審評審批工作程序(試行)》) promulgated by the NMPA in July 2020 and came into effect in July 2020, replace the Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the CFDA in December 2017 and came into effect in December 2017, which further clarified the Accelerating Registration Procedures for Drugs.

Administrative Protection and Monitoring Periods for New Drugs

According to the Implementing Rules for PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) issued on March 2, 2019 and the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) issued on March 4, 2016, the NMPA may, for the purpose of protecting public health, provide for an administrative

monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not approve any other enterprises' applications to manufacture or import the said drug.

Regulations on International Multi-Center Clinical Trials and Acceptance of Overseas Clinical Trial Data

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《關於發佈國際多中心藥物臨床試驗指南(試行)的通告》), ("the Multi-Center Clinical Trial Guidelines"), promulgated by the NMPA on January 30, 2015 and came into effect from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the international multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the PRC Drug Administration Law, the Implementing Regulations of the PRC Drug Administration Law and the Administrative Measures for Drug Registration, execute the Good Clinical Practice, make reference to universal international principles such as the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), and comply with the laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived from the international multi-center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and other related laws and regulations.

According to the Opinions on Deepening the Reform of the Evaluation and Approval System and Inspiring Innovation of Drugs and Medical Devices, clinical trial data obtained in an international multi-center that conforms to China's requirements for registration of drugs and medical devices can be used for the application for registration in China.

According to the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) promulgated by the NMPA on July 6, 2018, the basic principles for accepting overseas clinical trial data include: (i) applicants shall ensure the authenticity, integrity, accuracy and trace-ability of overseas clinical trial data; (ii) the process of generating overseas clinical trial data shall comply with the relevant requirements of the ICH-GCP; (iii) applicants shall ensure the scientific design of overseas clinical trials, the compliance of clinical trial quality management system with the requirements, and the accuracy and integrity of statistical analysis of data; and (iv) to ensure that the clinical trial design and statistical analysis of the data are scientific and reasonable, for the drugs with simultaneous R&D at home and abroad and forthcoming clinical trials in China, the applicants may, prior to implementing registrational clinical trials, contact the CDE to ensure the compliance of registrational clinical trial's design with the essential technical requirements for drug registration in China.

Marketing Authorization Holder System

Pursuant to the Drug Administration Law and the Administrative Measures for Drug Registration, the state implements the drug marketing authorization holder system for drug management. After obtaining a drug registration certificate, an applicant shall be the drug marketing authorization holder. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

The drug marketing authorization holder shall proactively carry out post-marketing research on drugs, further confirm the safety, effectiveness and quality controllability of drugs, and strengthen the continuous management of marketed drugs. Where a drug registration certificate and its annex require the marketing authorization holder to carry out relevant research work after the drug is marketed, the marketing authorization holder shall complete the research within the prescribed time limit and file a supplementary application, undergo recordation formalities or report as required. After a drug is approved for marketing, the marketing authorization holder shall continue to conduct research on drug safety and effectiveness, undergo recordation formalities in a timely manner or file a supplementary application for revising the instructions according to the relevant data, and continuously update and improve the instructions and labels. According to the duties, the medical products administrative department may require the marketing authorization holder to revise the instructions and labels based on the monitoring of adverse drug reactions and the post-marketing reevaluation results of the drug.

The marketing authorization holder shall apply for re-registration six months prior to the expiry of the validity period of the drug registration certificate. An application for re-registration of a domestically produced drug shall be filed by the marketing authorization holder with the medical products administrative department of the province, autonomous region, or municipality directly under the Central Government, and an application for re-registration of a drug produced overseas shall be filed by the marketing authorization holder with the Center for Drug Evaluation.

National Reimbursement Drug List of China (the "NRDL")

Participants in the National Health Insurance Scheme and their employers (if any) have to pay a monthly premium. Participants may be reimbursed for all or part of the cost of medicines included in the medical insurance catalogue. The Notice on Provisional Measures for the Administration of the Scope of Medicines in the Basic Medical Insurance for Urban Workers (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) (or the Medical Insurance Notice), jointly issued by the Ministry of Labor and Social Security of the PRC and the NDRC and other governmental organizations on May 12, 1999, stipulates that the medicines included in the medical insurance catalogue must be clinically necessary, safe and effective, reasonably priced, convenient to use and the supply of which can be guaranteed by the market.

The NRDL for Basic Medical Insurance, Work Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) sets out the standards for payment of medicines by the basic medical insurance, work injury insurance and maternity insurance funds. The National Healthcare Security Administration of the PRC and other governmental organizations have the authority to determine the drugs to be included in the NRDL. Drugs listed in the NRDL are divided into two parts: Class A and Class B. Class A drugs are widely used for clinical treatment, with favourable efficacy and lower prices than their counterparts, while Class B drugs are used for clinical treatment, with favourable efficacy and slightly higher prices than Class A drugs.

On December 7, 2023, the NHSA and the Ministry of Human Resources and Social Security of the PRC released the latest NRDL (effective from January 1, 2024), which has been expanded to cover a total of 3,088 drugs. Inclusion in the NRDL will generally result in increased sales volume and lower drug prices (which are determined on a case-by-case basis and negotiated based on factors such as the initial drug price).

On July 30, 2020, the NHSA issued the Provisional Measures for the Administration of Medicines for Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) ("Measures for the Administration of the NRDL"), which came into effect on September 1, 2020. The Measures for the Administration of the NRDL provides guidance on the inclusion and adjustment of the NRDL and the payment, management and supervision of basic medical insurance. According to the Measures for the Administration of the NRDL, a dynamic adjustment mechanism shall be established for the NRDL, which shall be adjusted annually in principle.

National Essential Drug List of China (the "NEDL")

On August 18, 2009, the MOH and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the NEDL (《國家基本藥物目錄管理辦法(暫行)》), which was revised on February 13, 2015 by the Notice on Issuing the Measures on the Administration of the NEDL (《關於印發國家基本藥物目錄管理辦法的通知》), and the Guidelines on the Implementation of the NEDL System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the NEDL. On September 13, 2018, the General Office of the State Council issued the Opinions of the General Office of the State Council on Improving the National Essential Drug System (《國務院辦公廳關於完善國家基本藥物制度的意見》). The NHC and the National Administration of Traditional Chinese Medicine promulgated the NEDL (2018 version) (《國家基本藥物目錄(2018年版)》) on September 30, 2018, replacing the NEDL (2012) (《國家基本藥物目錄(2012年版)》) which was promulgated on March 13, 2013. According to these regulations, basic healthcare institutions funded by the government, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall store up and use drugs listed in the NEDL. The drugs listed in NEDL shall be purchased by centralized tender process and shall be subject to the price control by the NDRC. Remedial drugs in the NEDL are all listed in the Medical Insurance Catalog and the entire amount of the purchase price of such drugs is entitled to reimbursement.

Gathering, Collection and Filing of Human Genetic Resources

The Interim Measures for the Management of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) set out rules for the protection and use of human genetic resources in China. Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境審批行政許可的通知》) promulgated by the Ministry of Science and Technology in August 2015, foreign investment sponsors who gather and collect human genetic resources through clinical trials should file a record with the China Human Genetic Resources Management Office through an online system. The Ministry of Science and Technology promulgated the Notice on Optimizing the Administrative Examination and Approval Process of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017 and came into effect in December 2017, which has simplified the approval process for the gathering and collection of human genetic resources for the listing of drugs in the PRC. The Ministry of Science and Technology promulgated the Notice on Updating the Scope and Procedures for Administrative Licensing, Filing, and Prior Reporting of Human Genetic Resource Services Guidelines (《關於更新人類遺傳資源行政許可事項服務指南、備案以及事先報告範圍和程序的通知》) on July 14, 2023 and came into effect since July 1, 2023, which has further refined the approval process for the gathering and collection of human genetic resources for the listing of drugs in the PRC.

Pursuant to the Regulations on the Management of Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) (the "HGR Regulations") promulgated by the State Council in May 2019, newly amended in March 2024 and came into effect on May 1, 2024, the state supports the rational use of human genetic resources for scientific research, development of the biomedical industry, improvement of diagnosis and treatment technology, improvement of China's ability to guarantee biosafety and improvement of the level of people's health. Foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources within the territory of the PRC, or provide Chinese genetic resources to foreign countries. In addition, the gathering, preservation, utilization and external provision of Chinese genetic resources shall (i) conform to ethical principles and conduct ethical review in accordance with relevant regulations; (ii) respect the privacy of the human genetic resource providers, obtain their prior consents, and protect their lawful rights and interests; (iii) comply with technical specification promulgated by the healthcare department of the State Council.

On October 17, 2020, SCNPC promulgated Biosecurity Law of the PRC (《中華人民共和國生物安全法》), and latest amended and came into effect on April 26, 2024. The Biosecurity Law establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants; research, development, and application of biology technology; biosecurity management of pathogenic microorganism laboratories; security management of human genetic resources

and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons. As per the Biosecurity Law, the research and development activities of high-risk and medium-risk biotechnology shall be carried out by a legal person organization established within the territory of China, upon obtaining the approval or record-filing. The establishment of a pathogenic microorganism laboratory shall be subject to approval or record-filing requirements in accordance with the law. In addition, (i) collecting human genetic resources of important genetic families or specific areas in China, or collecting human genetic resources of which the types and quantities are subject to provisions of the competent healthcare department under the State Council, (ii) preserving China's human genetic resources, (iii) using China's human genetic resources to carry out international scientific research cooperation, or (iv) transporting, mailing, and carrying China's human genetic resource materials out of the country shall subject to approval of the competent healthcare department.

The Ministry of Science and Technology promulgated the Implementation Rules for the Administrative Regulation on Human Genetic Resources (《人類遺傳資源管理條例實施細則》) (the "Implementation Rules") on May 26, 2023 and came into effect on July 1, 2023. The Implementation Rules has further provided detailed implementation regulations for the administration of human genetic resources of the PRC, including but not limited to the following:

(a) clarifying the scope of human genetic resource information, which shall include information resources generated from human genetic resource materials (such as human genes and genome data) and exclude clinical data, image data, protein data and metabolic data;

(b) clarifying the criteria to constitute a foreign entity, which shall include (i) any foreign organization or individual that holds directly or indirectly more than 50% of the shares, equity interests, voting rights, property shares or other interests in the institution, (ii) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through its voting right or other interests, although the shares, equity interests, voting rights, property share or other interests it directly or indirectly holds in the institution is less than 50%, (iii) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through investment relationship, contract or other arrangement; and (iv) other situations stipulated by laws, regulations and rules;

(c) listing the situations where security review may be required, which shall include: (i) human genetic resource information of important genetic families; (ii) human genetic resources information of specific regions, (iii) exome sequencing and genome sequencing information resources with a population greater than 500 cases; and (iv) other situation that may affect the public health, national security and social public interest of the PRC.

Good Clinical Practice Certification and Compliance with the Good Clinical Practice (GCP)

To improve the quality of clinical trials, the NMPA and NHC promulgated the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) (the "GCP") in April 2020 and came into effect on July 1, 2020, which aims to ensure that the clinical trials of drugs are standardized and the results are scientific and reliable, protecting the rights and safety of human subjects. Pursuant to the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) promulgated by the general offices of the Chinese Communist Party Central Committee and the State Council in October 2017, the qualification of clinical trial institutions shall be subject to record management. Clinical trials should follow GCP and protocols approved by the ethics committee of each research center.

Laws and Regulations in Relation to Drug Manufacturer

Drug Manufacturing Permit

Pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "Drug Administration Law") promulgated by the Standing Committee of the National People's Congress (the "SCNPC") in September 1984 and lastly amended in August 2019 and came into effect in December 2019, the state adopts an industry entry permit system for drug manufacturers. The conduct of drug manufacturing activities shall be approved and granted with a Drug Manufacturing License (《藥品生產許可證》) by the drug regulatory authority of the people's government at provincial, autonomous regional or municipal level. The Drug Manufacturing License shall indicate the validity period and the scope of production, and shall be reviewed for renewing upon expiration.

Good Manufacturing Practices

Prior to December 1, 2019, establishment of a new drug manufacturer, construction of new production premise for a drug manufacturer or production of new dosage form are required to submit application for good manufacturing practice certification (GMP certification) with the drug regulatory authority in accordance with relevant provisions. If the Good Manufacturing Practices are satisfied, a GMP certificate will be issued. Pursuant to the Announcement on the Relevant Issues Concerning the Implementation of the Drug Administration Law of the PRC (《關於貫徹實施<中華人民共和國藥品管理法>有關事項的公告》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law, the GMP and Good Supply Practice (GSP) certifications have been cancelled, applications for GMP and GSP certifications are no longer accepted, and GMP and GSP certificates are no longer issued. When engaging in drug manufacturing activities, a manufacturer shall comply with the GMP and establish a sound GMP management system, to ensure that the entire process of drug manufacturing maintain to meet the statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with the law. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

The Good Manufacturing Practices (《藥品生產質量管理規範》), promulgated by the Ministry of Health of the PRC (the "MOH", now known as the NHC) in March 1988, newly amended in January 2011 and came into effect on March 1, 2011, provided guidance for the quality management, organization and staffing, production premises and facilities, equipments, material and products, recognition and inspection, documentation maintenance, manufacture management, quality control and quality assurance, contractual manufacture and contractual inspection for the products, product delivery and recalls of a manufacturer in a systematical manner.

Other Laws and Regulations in Relation to Medical Industry

Basic Medical Insurance Policy

Pursuant to the Decision on the Establishment of the Urban Employee Basic Medical Insurance Programme (《關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998 and the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) promulgated by the National Development and Reform Commission (the "NDRC"), the SDA and other authorities, came into effect on May 12, 1999, all employers in cities and towns, including enterprises (state-owned enterprises, collective enterprises, foreign-invested enterprises, private enterprises, etc.), institutions, public institutions, social organizations, private non-enterprise units and their employees are required to participate in basic medical insurance. Pursuant to the Guiding Opinions on the Pilot of Basic Medical Insurance for Urban Residents (《關於開展城鎮居民基本醫療保險試點的指導意見》) promulgated by the State Council on July 10, 2007, urban residents (not urban employees) in the pilot areas can voluntarily participate in the basic medical insurance for urban residents. Pursuant to the Opinions of the State Council on the Integration of the Basic Medical Insurance System for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) promulgated by the State Council on January 3, 2016, a unified basic medical insurance system for urban and rural residents was established, including the existing urban residents' medical insurance and all the insured personnel of New Rural Cooperative Medical System, covering all urban and rural residents except those who should be covered by the employee's basic medical insurance.

Medical Insurance Catalogue

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalogue. A pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: it is set forth in the Pharmacopoeia of the PRC (current edition) (《中華人民共和國藥典》(現行版)); it meets the standards promulgated by the NMPA; and if imported, it is approved by the NMPA for import. According to the Opinions of the NHSA and

the Ministry of Finance on Establishing a List-Based System for Healthcare Security Benefits (《國家醫保局、財政部關於建立醫療保障待遇清單制度的意見》), which came into effect in January, 2021, all provinces shall implement the NRDL in a strict manner, and shall not have the discretion to formulate the catalogue or increase the drugs in any form, or adjust the scope of limited payment unless explicitly stipulated. After several adjustments, the currently effective one is the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2023) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2023年)》) came into effect since January 1, 2024.

Drug Price

Pursuant to the Drug Administration Law, for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council's pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發<推進藥品價格改革意見>的通知》) jointly promulgated by NDRC, NHC, the Ministry of Human Resources and Social Security, Ministry of Industry and Information Technology, the Ministry of Finance, the MOFCOM and the CFDA on May 4, 2015 and came into effect on June 1, 2015. From June 1, 2015, except for narcotic drugs and first-class psychotropic drugs, the price of drugs set by the government will be cancelled.

Advertising of Pharmaceutical Products

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which promulgated by SAMR in December 2019 and came into effect on March 1, 2020, advertisements for drugs, medical devices, health food and formula food for special medical purposes shall be true and legitimate, and shall not contain any false or misleading contents. Holders of registration certificates or filing certificates of drugs, medical devices, health food and formula food for special medical purposes as well as the production enterprises and operating enterprises authorized by such holders of certificates shall be applicants for advertising (the "Applicants").

Applicants may entrust agents to apply for the review of advertisements for drugs, medical devices, health food and formula food for special medical purposes. Applicants may submit their applications at the acceptance windows of advertisement review authorities, or may submit their applications for advertisements for drugs, medical devices, health food and formula food for special medical purposes via letters, faxes, e-mails or e-government platforms. The advertisement review authorities shall review the materials submitted by the applicant and shall complete the review within ten business days from the date of acceptance.

After review, for that advertisements that are in line with laws, administrative regulations and these Measures, approval decisions of review shall be made and advertisement approval numbers shall be issued. The validity period of the advertisement approval number for drugs, medical devices, health food and formula food for special medical purposes shall be consistent with the shortest validity period of the product registration certificate, filing certificate or production license. If no valid period is prescribed in the product registration certificate, filing certificate or production license, the valid period of the advertisement approval number shall be two years.

Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品說明書和標籤管理規定》), which promulgated by SFDA and came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the SFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer. Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the food and drug administration and bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs that without packing standards must not be sold or traded (except for drugs for the military).

Administration of Pathogenic Microorganism Laboratories

According to the Regulations on the Bio-safety Management of Pathogenic Microbe Laboratories (《病原微生物實驗室生物安全管理條例》) promulgated by State Council and latest amended in March 2018, the pathogenic microorganism laboratories are classified into Level 1, Level 2, Level 3 and Level 4 in accordance with its biosafety level for pathogenic microorganisms and the national standards for the bio-safety. Laboratories at Bio-safety Level 1 and Level 2 are forbidden to conduct experimental activities relating to any highly pathogenic microbes. Laboratories at Bio-safety Level 3 and Level 4 shall meet certain requirements to conduct experimental activities relating to any highly pathogenic microbes. Newly building, rebuilding or expanding of Bio-safety Level 1 or Level 2 laboratories shall file with the relevant health administrative department or veterinary administrative department in the municipal people's government of the place where it is built. The laboratories of Bio-safety Level 3 and Level 4 shall be subject to the state accreditation for laboratories. Laboratories passing accreditation will be granted with certificates for Bio-safety Laboratories at corresponding level. The certificate will be effective for five years.

Provisions in Relation to the Company's Principal Activities

The "Healthy China 2030" Planning Outline jointly issued and implemented by the State Council and the Central Committee of the Communist Party of China (CPC) on October 25, 2016 proposes the establishment of a comprehensive clinical evaluation system focusing on essential medicines, aiming to the complete the drug price formation mechanism in accordance with the principle of combining government regulation with market adjustment, strengthen the linkage between the pricing, health insurance, procurement policies while insisting no categorized management, strengthen supervision of prices of medicines with insufficient market competition and high-value medical consumables, establish a system for monitoring and disclosing information on drug prices, and formulate and improve policies on and standards for payment for drugs covered by medical insurance.

The 14th Five-Year Plan for National Health issued and implemented by the General Office of the State Council on April 27, 2022 proposes to encourage the research and development, innovation and application of new medicines, accelerate the research, development and industrialization of urgently-needed medicines for the clinical treatment of major diseases, and support the research and development of high-quality generic medicines, deepen the reform of the review and approval procedures for medicines and medical devices, and expedite the review and approval process for innovative, clinically-needed drugs and medical devices, and drugs for the treatment of rare diseases.

The Healthy China Initiative — Diabetes Prevention and Control Action Plan (2024-2030) jointly issued and implemented by the National Health Commission (NHC) and the National Development and Reform Commission (NDRC), etc. on July 15, 2024 proposes to strengthen the research on diabetes prevention and control and the construction of a synergistic network, focusing on accelerating the R&D process and promoting the application of achievements in diabetes prevention and treatment.

The Several Opinions of the General Office of the Shanghai Municipal People's Government on Supporting the Whole-Chain Innovation and Development of the Biopharmaceutical Industry issued by the General Office of the Shanghai Municipal People's Government on July 15, 2024 and implemented on 1 August 2024 (valid until July 31, 2029) proposes to support the innovation and development of the whole chain of the biopharmaceutical industry, including accelerating the transition from R&D achievements to pre-clinical research, continuously increasing the support for R&D of innovative drugs, optimizing the mechanism for the transformation of clinical research achievements, shortening the start-up time of clinical trials, etc.

The Action Plan for Further Promoting the High-Quality Development of the Biopharmaceutical Industry in Guangdong issued and implemented by the General Office of the People's Government of Guangdong Province on October 8, 2024 puts forward various policies, such as increasing support for the whole chain of innovative medicines and devices, accelerating the construction of innovation platforms and infrastructure, promoting the construction of R&D service platforms, and accelerating the process of reviewing and approving the clinical trials of innovative medicines.

The Several Policy Measures to Promote the High-Quality Development of the Biopharmaceutical Industry in Guangzhou issued and implemented by the General Office of the Guangzhou Municipal People's Government on January 11, 2024 put forward various policies to support the research and development of innovative medicines and medical devices, as well as the industrialization of the same.

Laws and Regulations in Relation to Intellectual Property

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》) (the "Patent Law"), which was promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "Implementation Rules"), promulgated by the State Council on June 15, 2001 and latest amended on December 11, 2023 and came into effect on January 20, 2024. The Patent Law and the Implementation Rules provide for three types of patents, namely "invention," "utility model" and "design." "Invention" refers to any new technical solution relating to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and "design" refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for "invention" is twenty (20) years; the duration of a patent right for "utility model" is ten (10) years; and the duration of a patent right for "design" is fifteen (15) years, all of which duration are from the date of application. According to the Patent Law, for the purpose of public health, the patent administrative department of the 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 PRC.

The newly amended Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, and stipulates that the Patent Administration Department under the State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review and examination and approval of the listing of a new drug on the market.

The compensated extension shall not exceed five (5) years, and the total valid patent term after the new drug is approved for the market shall not exceed fourteen (14) years. Such newly adopted patent term extension rule benefits the Company through providing longer protection terms of patents applied or registered in the PRC and related to our product candidates. During the compensated extension period of the patent term of the patent for invention related to a new drug, the scope of protection of the patent is limited to the new drug and the technical solutions related to the approved indications of the new drug. Within the scope of protection, the rights and obligations of the patentee remain the same as before the compensated extension period.

Trademarks

Registered trademarks in the PRC are mainly protected by 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 and latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which were promulgated by the State Council on August 3, 2002 and latest amended on April 29, 2014 and came into effect on May 1, 2014. The Trademark Office is responsible for the registration and administration of trademarks throughout China and grants a term of ten (10) years to registered trademarks. When it is necessary to continue using the registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal within twelve (12) months before the expiration in accordance with the requirements. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten (10) years as of the next day of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

Domain Names

Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology (the "MIIT"), on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of the PRC internet domain names. Domain names registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended and effective as of April 23, 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others' trade secrets by: (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (i) above; (iii) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (iv) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

The Company Law and Regulations

The Company Law of the PRC (《中華人民共和國公司法》) (the "Company Law"), which was amended by the SCNPC on December 29, 2023 and became effective on July 1, 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in PRC.

Regulations in Relation to Foreign Direct Investment

Since January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "Foreign Investment Law") promulgated by the National People's Congress (the "NPC") has come into effect. The Law of the PRC on Sino-Foreign Equity Joint Ventures and the Law of the PRC on Wholly Foreign-Owned and Law of the PRC on Sino-Foreign Cooperative Joint Ventures abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC and other laws. The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024, which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM.

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the State Administration for Market Regulation, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, the MOFCOM is responsible for coordinating and guiding the reporting of foreign investment information nationwide. The competent commercial department of the local people's government at or above the county level, as well as the relevant agencies of the Pilot Free Trade Zone and the National Economic and Technological Development Zone, are responsible for reporting information on foreign investment in the region. Foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the

competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises. If the change in the information of initial reports involves registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system when applying for the registration or filing of change of enterprises. If the change in the information of initial reports does not involve registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system within twenty (20) business days after the change. Foreign-invested listed companies may report information on changes in investors and their shareholdings only when the cumulative change in the foreign investors' shareholding ratio exceeds 5% or the foreign parties' shareholding or relative holding status have changed.

Regulations on The Security Review of Foreign Investment

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

Regulations in Relation to 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 and latest amended on December 29, 2018 (the "Product Quality Law"), is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and coming into effect on January 1, 2021, where a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder, producer or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder or producer.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 and came into effect on March 15, 2014 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. All business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Regulations in Relation to Production Safety

The Production Safety 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 latest amended on June 10, 2021 and came into effect on September 1, 2021, is the basic law for governing production safety. It provides that, any entity whose production safety conditions do not meet the requirements may not engage in production and business operation activities. The production and business operation entities shall educate and train employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, are familiar with the relevant regulations and rules for safe production and the rules for safe operation, master the skills of safe operation in their own positions, understand the emergency measures, and know their own rights and duties in terms of production safety. Employees who fail the education and training programs on production safety may not commence working in their positions. Safety facilities of new building, rebuilding or expanding project (the "construction project") shall be designed, constructed and put into operation simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

Regulations in Relation to Environmental Protection and Fire Safety

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and latest amended on April 24, 2014 and came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and latest amended on July 16, 2017 and came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Enterprises that engage in the activities of industry, construction, catering, and medical treatment, etc. that discharges sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013 and came into force on January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated on January 22, 2015 and last amended on December 1, 2022 and took effect on February 1, 2023. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the State. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

According to the Administrative Measures on Pollutant Discharge Permit issued by the Ministry of Ecology and Environment on April 1, 2024 and came into effect on July 1, 2024, enterprises, public institutions and other producers and operators that are subject to the administration of pollutant discharge permits shall apply for pollutant discharge permit and discharge pollutants in accordance with the requirements of the pollutant discharge permit; and those who have not obtained the pollutant discharge permits shall not discharge pollutants. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological drugs and products falls into the classification management scope for fixed source pollution permits.

According to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC in April 1998, last amended and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) (the "Interim Provisions") promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, and last amended on August 21, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction and construction projects shall undergo the fire protection design review and acceptance system. The special construction projects as defined in the Interim Provisions must apply to the fire control department for fire protection design review, and complete the fire protection acceptance procedures after the completion of the construction project. The construction unit of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five (5) business days after the completion acceptance of the construction project. If a construction project fails to pass the fire safety inspection before it is put into use, or does not meet the fire safety requirements after the inspection, it will be ordered to suspend the construction and use of such project, or suspend production and business, and be imposed a fine.

Regulations in Relation to Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the "Prevention and Control of Occupational Diseases Law"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

Regulations in Relation to Employment and Social Securities

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994 and latest amended on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007 and latest amended on December 28, 2012 and came into effect on July 1, 2013, employers shall execute written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions.

According to Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on 28 October 2010 and amended on 29 December 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer to make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》), which was promulgated on 20 July 2018, commencing from 1 January 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance shall be collected by the tax authorities. According to

the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation on 13 September 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《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》) promulgated by the General Office of the Ministry of Human Resources and Social Security on 21 September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of 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》), promulgated by the State Taxation Administration on 16 November 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on 1 April 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on 3 April 1999 and latest amended on 24 March 2019, employers are required to make contribution to housing provident funds for their employees. Where an employer fails to pay up housing provident funds, the housing provident fund administration center may order it to make payment within a prescribed time limit. If the employer still fails to do so, the housing provident fund administration center may apply to the court for compulsory enforcement of the unpaid amount.

Regulations in Relation to Information Security and Data Privacy

Data Security and Export

The NPCSC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures for Security Assessment of Data Export (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad.; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), a data handler that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification, if such data handler accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year.

Personal Information Protection

According to the Civil Code (《民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people's personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPCSC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPCSC on November 7, 2016 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

Laws and Regulations in Relation to Anti-Bribery

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

Pursuant to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the National Health and Family Planning Commission (currently the NHC) and came into effect on March 1, 2014, any medicine production and operation enterprises or agents that are involved in criminal, investigational or administrative procedures for commercial bribery will be listed in the adverse records of commercial briberies by the relevant government authorities, as a result of which, for two years from the date the list of adverse records of commercial briberies is published, (i) their products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies within the relevant provinces, and (ii) the scores of their products in the centralized tender processes of public medical institutions or medical and health institutions receiving financial subsidies in other provinces will be reduced. As for those enterprises or agents listed in adverse records twice within five years, their products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies throughout China for two years from the date the list of adverse records of commercial briberies is published.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the CIT Law, which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the *Regulation on the Implementation of the CIT Law*, which was promulgated by the State Council and was latest amended in April 2019, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax ("VAT").

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部 税務總局關於調整增值税税率的通知》) effective in May 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部 税務總局 海關總署關於深化增值税改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Regulation

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign

currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, multiple capital accounts for the same entity may be opened in different provinces as well. Later, the SAFE promulgated 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》) in February 2015, which was partially abolished in December 2019, prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), or the SAFE Circular 21, which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19 promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019 and March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day and partially amended on December 4, 2023 and effective since then. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practice.

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020), and partially amended on December 4, 2023 and effective since then. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

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 capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall conduct post spot checking in accordance with the relevant requirements.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) issued by the China Securities Regulatory Commission (the "CSRC") on February 17, 2023 and effective from March 31, 2023 (hereinafter referred to as the "Trial Measures"), where a domestic company seeks overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Trial Measures. If an issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three (3) business days after submitting application documents for overseas securities issuance and listing.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC and other departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the People's Republic of China and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo the relevant procedures in accordance with the relevant regulations of the state.

Regulations in Relation to the "Full Circulation" of H Share

In accordance with the Guidelines for the Application by H-share Companies for "Full Circulation" of Unlisted Shares (《H股公司境內未上市股份申請"全流通"業務指引》) which was promulgated by the CSRC on 14 November 2019 and came into effect on the same date, which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員關於修改、廢止部分證券期貨制度文件的決定》), the term "full circulation" means the circulation of domestically unlisted shares (including domestically unlisted shares held by domestic shareholders prior to the listing abroad, additional domestically unlisted shares issued

domestically after listing abroad and unlisted shares held by foreign shareholders) of H-share companies on the Stock Exchange. On the premise of complying with relevant laws and regulations as well as policies governing state-owned asset management, foreign investment and industrial supervision, the shareholders of domestically unlisted shares may determine the number and proportion of shares under application for circulation through negotiation at their discretion and entrust a H-share company to file an application for "full circulation". After the domestically unlisted shares are listed for circulation on the Stock Exchange, they shall not be transferred back to the Mainland China. A shareholder of domestically unlisted shares may reduce or increase its holding of the shares involved that are circulating on the Stock Exchange according to relevant business rules. H share companies shall submit a report on the relevant information to the CSRC within 15 days from completion of re-registration of the shares involved in the application to China Securities Depository and Clearing Co., Ltd. (the "CSDC").

In accordance with the Notice on Promulgation of the Implementing Rules for "Full Circulation" of H-shares (《關於發佈<H股"全流通"業務實施細則>的通知》) which was promulgated by CSDC and Shenzhen Stock Exchange on December 31, 2019 and came into effect on the same date, it shall apply to the relevant businesses involved in "full circulation" of H-shares, such as cross-border re-registration, custodian and maintenance of holding details, entrustment of transactions and order routing, settlement, management of clearing participants, services of nominee holders etc. Upon completion of information disclosure by a H-share listed company approved by the CSRC to participate in "full circulation" of H-shares, such company shall register anew its fully tradable H-shares free from pledge, freezing, restriction of transfer and other restrictive status with the Hong Kong share registration authorities to have them become shares that can be listed and circulated on the Stock Exchange. The relevant securities shall be deposited centrally with CSDC in China. CSDC, as the nominee of the aforesaid securities, shall handle the business such as the depository and maintenance of holding details as well as cross-border clearing and settlement involved in the "full circulation" of H-shares, and provide services of nominee for investors. H-share listed companies shall obtain the authorization from investors and select a domestic securities company to participate in the "full circulation" of H-shares. Investors submit the trading orders for the "full circulation" of H-shares through a domestic securities company. The domestic securities company shall select a Hong Kong securities company through which investors' trading instructions shall be reported to the Stock Exchange for trading. After transactions are concluded, CSDC and China Securities Depository and Clearing (Hong Kong) Co. Ltd shall handle cross-border clearing and settlement of relevant shares and funds. The settlement currency of H-share "full circulation" transaction business is Hong Kong dollars. Where an H-share listed company entrusts CSDC to distribute cash dividends, it shall file an application with CSDC. The H-share listed company, when distributing cash dividends, may claim the details of the shares held by relevant investors on the equity registration date for cash dividends from CSDC. If an investor obtains "fully tradable" non-H-shares listed on the Stock Exchange due to the equity distribution or conversion of H-shares under full circulation, the investor may sell but cannot purchase such securities; if the investor obtains the right to subscribe for shares listed on the Stock Exchange and such right is listed on the Stock Exchange, the investor may sell but shall not exercise such right.

In accordance with the Notice of China Securities Depository and Clearing Co., Ltd Shenzhen Branch on the Release of China Securities Depository and Clearing Co., Ltd Shenzhen Branch H-shares "Full Circulation" Business Guidelines (《中國結算深圳分公司關於發布<中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南的通知》) which was promulgated by CSDC Shenzhen Branch on September 20, 2024 and came into effect on September 23, 2024, it specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. And China Securities Depository and Clearing (Hong Kong) Co., Ltd also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》) to specify the relevant escrow, custody, agent service of China Securities Depository and Clearing (Hong Kong) Co., Ltd, arrangement for settlement and delivery and other relevant matters.

LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the Federal Food Drug and Cosmetic Act (the "FDCA"), its implementing regulations, and it regulates biologics under the FDCA and the Public Health Service Act (the "PHSA") and their respective implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals to manufacture or market drugs and biologics in the United States and the subsequent compliance with appropriate federal, state, local, and non-U.S. applicable statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative proceedings, government prosecution, judicial sanctions or any combination of them in the United States. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Outside the United States, drugs and biologics are regulated under other statutory and regulatory systems with which we would need to comply if we were to manufacture or market drugs or biologics outside the United States, and failure to comply there could also subject us to administrative actions, government prosecution or judicial sanctions (or any combination of them).

Once a product candidate is identified for development, it enters pre-clinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Pre-clinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the pre-clinical

tests (such as animal tests), manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. The FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance. Although information a sponsor submits in an IND is confidential, general clinical trial information such as the number of patients involved and the type of adverse events studied can be made public and can be available for public review through publication on government websites such as **www.clinicaltrials.gov**.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice ("GCPs") and human subject protection regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board (the "IRB"), often under the auspices of a university and sometimes a private, independent organization, must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and re-approve the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or human subject research regulations or if the product has been associated with unexpected serious harm to subjects and the IRB believes patients are at risk.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified, and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA before marketing approval is received. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than seven calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at **www.clinicaltrials.gov**.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with the FDA's current Good Manufacturing Practices ("cGMP").

U.S. Review and Approval Processes

The results of product development, pre-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of a BLA. Unless deferred or waived, BLAs, or supplements must contain data adequate to assess the safety and efficacy of the product at the proposed commercial dosing regimen and administration for the claimed indications in all relevant populations, including any pediatric subpopulations. The submission of a BLA is subject to the payment of a user fee and an annual prescription drug product program fee to the FDA although in certain circumstances the FDA may waive the annual prescription drug product program fee if the drug qualifies for orphan drug designation.

Within 60 days of its receipt, the FDA reviews the BLA to ensure that it is sufficiently complete for substantive review before it accepts the BLA for filing. After accepting the BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the BLA to an advisory committee, generally consisting of a panel of experts, for review whether the application should be approved and under what conditions, and the FDA typically considers such recommendations when making decisions.

The FDA may refuse to approve the BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a

condition for approval. The applicant may withdraw the application and resubmit the BLA when all the data addressing all of the deficiencies identified in the letter is available, or the applicant may request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product-labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Expedited Development and Review Programs

The FDA has various programs that are intended to expedite or simplify the process for the development and FDA review of drugs that are intended for the treatment of serious or life-threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

Fast Track Designation

Fast Track is a process designed to facilitate the development, and expedite the review of, drugs to treat serious conditions and fill an unmet medical need. Fast Track designation must be requested by the drug company. The request can be initiated at any time during the drug development process. The FDA will review the request and make a decision within sixty days based on whether the drug fills an unmet medical need in a serious condition. Determining whether a disease is serious is a matter of judgment, but generally the FDA considers whether the proposed drug will affect factors such as survival, day-to-day functioning, and the likelihood that the disease, if left untreated, will progress from a less severe condition to a more serious one. To address an unmet medical need, the proposed drug may be developed as a treatment or preventative measure for a disease that does not have a current therapy. The type of information necessary to demonstrate unmet medical need varies with the stage of drug development: early in development, nonclinical data, mechanistic rationale, or pharmacologic data will suffice; later in development, clinical data should be utilized.

A sponsor may request Fast Track designation when the sponsor files a BLA application or any time thereafter prior to the receipt of marketing approval. If a new drug product meets the requisite criteria for Fast Track designation, the FDA should grant the application. However, the FDA may rescind Fast Track designation, if the FDA determines the criteria for Fast Track designation are no longer met. The FDA will notify the sponsor in writing of its intent to rescind the designation through a "Intent to Rescind Fast Track Designation" letter, which will include the criteria for making the determination and provide the sponsor with an opportunity to submit additional data and justification to support the continuing designation and request a meeting to discuss the designation for the product. The rescinding of a Fast Track

designation does not necessarily mean the product is not promising or that the product may not receive marketing approval. It means that the criteria for Fast Track designation are no longer met. The sponsor may request the designation to be rescinded/withdrawn. The impact of revocation is that the sponsor will lose all of the benefits of Fast Track designation, which include more frequent meetings and written communication with the FDA, rolling review, and eligibility for Accelerated Approval and priority review.

Priority Review

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under the Prescription Drug User Fee Act (the "PDUFA") guidelines. These six- and ten- month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Most products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

Accelerated Approval

Under the FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("IMM"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trials to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program potentially available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and according to

FAQs published by the FDA (current as of February 3, 2022), the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse events experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations, known as "off-label use," and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies, such as the Department of Justice, actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities as well as potential tort liability. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new BLA or BLA supplement, which may require the development of additional data or pre-clinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy (the "REMS"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for noncompliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities according to approved manufacturing processes and in accordance with cGMP regulations. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. The manufacturer is ultimately

responsible for its products and the manufacturing practices of its contract manufacturers, therefore the manufacturer must take responsibility for the failure for the contract manufacturers to manufacture according to cGMPs.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved BLA, including recall.

Once an approval is granted, if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market, the FDA may take enforcement actions such as issuing Warning Letters or Untitled Letters, ordering removal of the product from the market until deficiencies are remedied, withdrawing the approval of the product, or imposing civil and criminal penalties. Corrective action in response to these enforcement activities could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences which could arise from such regulatory violations include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil or criminal penalties.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "ACA"), became law in the United States in March 2010, and has driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare is financed

by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, and mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on the pharmaceutical companies' share of sales to federal health care programs.

Since its enactment, there have been judicial and congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, former President Trump has signed Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed. There may be other efforts to challenge, repeal or replace the ACA.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and BLA submission, and all of the review phase, which is the time between BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The United States Patent and Trademark Office (the "USPTO"), in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which a BLA has not been submitted.

FDA Acceptance of Foreign Clinical Studies

Pursuant to 21 CFR 312.120 and 314, the FDA recognizes that sponsors may choose to conduct multinational clinical studies under a variety of scenarios. Multinational studies may include domestic sites conducted under an IND, foreign sites conducted under an IND, and/or foreign sites not conducted under an IND. Some sponsors may even seek to rely solely on foreign clinical data as support for an IND or application marketing approval in the United States.

An application based solely on foreign clinical data meeting U.S. criteria for marketing approval may be approved if: (1) the foreign data are applicable to the U.S. population and U.S. medical practice; (2) the studies have been performed by clinical investigators of recognized competence; and (3) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Failure of an application to meet any of these criteria will result in the application not being approvable based on the foreign data alone. The FDA will apply this policy in a flexible manner according to the nature of the drug and the data being considered.

OVERVIEW

The Group's history can be traced back to the establishment of Company's predecessor, Kunming Innogen Pharmaceutical Technology Co., Ltd. (昆明銀諾醫藥技術有限公司)), in December 2014 under the PRC Company Law. On December 6, 2022, the Company was converted from a limited liability company into a joint stock limited company with its corporate name changed to Guangzhou Innogen Pharmaceutical Group Co., Ltd. (廣州銀諾醫藥集團股份有限公司). As of the Latest Practicable Date, the registered capital of the Company was RMB420,262,949, divided into 420,262,949 Shares, with a nominal value of RMB1.00 each.

For the details of the biography of our founder, Dr. Wang, see "Directors, Supervisors and Senior Management."

MILESTONES

The following sets out a summary of our key development milestones:

Year	Milestone(s)
2014	The predecessor of the Company was established
2015	Established R&D center in Zhangjiang Medical Valley, Shanghai, PRC
2017	National Major Scientific and Technological Special Project during the 13th Five-Year Plan period (國家十三五重大專項) granted for Efsubaglutide Alfa
2018	Initiated a Phase I clinical trial of Efsubaglutide Alfa in healthy adult Chinese volunteers Won the First Prize in the Growing Group of the Biopharmaceutical Industry at the National Finals of the China Innovation and Entrepreneurship Competition (中國創新創業大賽全國總決賽生物醫藥行業成長組一等獎)
2019	Initiated a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of T2D in China
2020	Completed patient enrollment for the Phase IIa trial of Efsubaglutide Alfa for the treatment of T2D in China
2021	Initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa in combination with metformin for the treatment of T2D in China

Year	Milestone(s)
	Initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa monotherapy for the treatment of T2D in China
2022	Started to assemble our core commercialization team
2023	Obtained IND approval from the FDA for Efsubaglutide Alfa for the treatment of MASH
	Completed the two Phase IIb/III clinical trials of Efsubaglutide Alfa for the treatment of T2D in China
	BLA applications for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for T2D was accepted by the NMPA
2024	Recognized as Innovative Forces in China's Pharmaceutical Industry (中國醫藥新銳創新力量) by China National Pharmaceutical Industry Information Center (PHIIC) (中國醫藥工業信息中心)
	Completion of an investigator-initiated study performed by an independent third-party institution, which demonstrated the sustained efficacy of Efsubaglutide Alfa
	Submitted an IND application to the NMPA for Efsubaglutide Alfa for the treatment of MASH
2025	Completed Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China
	BLA applications for Efsubaglutide Alfa (brand name: Diabegone) were approved by the NMPA, marking it the first domestically developed humanized long-acting GLP-1 receptor agonist product commercialized in China

OUR SUBSIDIARIES

We have four wholly-owned subsidiaries:

Subsidiaries	Date and place of establishment	Registered capital	Principal business activities
Shanghai Innogen Biomedical Engineering Co., Ltd. (上海銀諾生物醫藥工程有限公司) ("Innogen Engineering")	December 22, 2020; PRC	RMB400,000,000	Pharmaceutical R&D and production
Shanghai Innogen Pharmaceutical Technology Co., Ltd. (上海銀諾醫藥技術有限公司) ("Innogen Technology")	March 6, 2015; PRC	RMB265,000,000	Pharmaceutical R&D and production
Guangzhou Innogen Biopharmaceutical Manufacturing Co., Ltd. (廣州銀諾生物醫藥製造有限公司) ("Guangzhou Innogen Manufacturing")	July 10, 2024; PRC	RMB1,000,000	Pharmaceutical R&D and production
Haikou Innogen Pharmaceutical Technology Co., Ltd. (海口銀諾醫藥技術有限公司) ("Haikou Innogen")	February 18, 2025	RMB300,000,000	Pharmaceutical production and sales

CONCERT PARTY ARRANGEMENT

To reduce the impact of dilution on ownership and to exercise effective control over the operations and corporate matters of the Company, Dr. Wang and Hong Kong Invengen entered into a concert party agreement on December 1, 2020 (the "Concert Party Agreement"). Pursuant to the Concert Party Agreement, Dr. Wang and Hong Kong Invengen agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings of the Company; and (ii) that when no consensus can be reached, Hong Kong Invengen shall vote in concurrence with Dr. Wang on the proposals. The Concert Party Agreement shall be effective from the date of the Concert Party Agreement until any of Dr. Wang and Hong Kong Invengen ceases to be a Shareholder. For Dr. Wang and Hong Kong Invengen's aggregate voting rights in the Company, see "Relationship with the Controlling Shareholders."

Hong Kong Invengen was incorporated in Hong Kong and was owned as to approximately 31.00% by Dr. Wang, 8.00% by our Director Jiang Fan and 61.00% by 10 other individuals (with one of these individuals being an associate of Dr. Wang and all the others being independent third parties and none of them holding more than 23.00% shareholding interest) as of the Latest Practicable Date.

ESTABLISHMENT AND CORPORATE DEVELOPMENT

Establishment and Shareholding Changes in the Company Prior to Series Pre-A Financing

On December 5, 2014, the predecessor of the Company was established under the laws of the PRC with a registered capital of RMB163,000,000 by Dr. Wang, Hong Kong Invengen (an entity controlled by Dr. Wang at the time of Company's establishment) and KPC Pharmaceuticals, Inc. (昆藥集團股份有限公司) ("KPC") (a company listed on the Shanghai Stock Exchange (stock code: 600422) and an independent third party), holding 30.00%, 19.00% and 51.00% of the Company's then registered capital, respectively.

Recognizing Dr. Wang's exceptional expertise in diabetes and metabolic diseases research and clinical application, KPC co-founded the Company in 2014, becoming its majority stakeholder with the goal of entering the metabolic diseases treatment sector and expanding into broader biopharmaceutical industry. KPC contributed RMB83,130,000 of the registered capital by way of cash. Dr. Wang and Hong Kong Invengen contributed RMB48,900,000 and RMB30,970,000 of the registered capital, respectively, by way of transferring certain intellectual property rights to the Company. Such contribution was determined based on arm's length negotiations among the relevant parties with reference to a valuation report

of such intellectual property rights issued by an independent valuer. Prior to Dr. Wang and Hong Kong Invengen fulfilling their capital contribution obligations to the Company, the Company was temporarily accounted for as a subsidiary of KPC for a brief period in December 2014. Following Dr. Wang and Hong Kong Invengen's fulfilment of their capital contribution obligations through the transfer of intellectual property rights, and in light of Dr. Wang's significant role in the Company, the Company ceased to be a subsidiary and has been accounted for as a joint venture of KPC under equity accounting method since January 2015.

Series Pre-A Financing

The Company underwent series pre-A financing through capital increases and equity transfers (the "Series Pre-A Financing").

Equity Transfers in Series Pre-A Financing

Under the equity transfer agreement dated November 6, 2020 entered into among the Company, KPC and the Series Pre-A Financing investors set forth below, the following Series Pre-A Financing investors agreed to acquire registered capital of the Company from KPC ("Equity Transfers in 2020"):

Transferor	Transferees	Registered capital acquired	Consideration	Basis of consideration
		(RMB)	*(RMB)*	
KPC	JINGDE (GUANGZHOU) EQUITY INVESTMENT PARTNERSHIP (LP) (景得(廣州)股權投資合夥企業(有限合夥)) ("JINGDE (GUANGZHOU)")	17,500,000	35,000,000	Determined based on arm's length negotiations among the relevant parties with reference to a valuation report issued by an independent valuer.
	Cowin China Growth Fund II, L.P. ("Cowin China Fund II")	17,500,000	35,000,000	
	BioTrack Capital Fund I, LP ("BioTrack Capital")[1]	12,500,000	25,000,000	
	Palace Investments Pte. Ltd. ("Palace Investments")	8,750,000	17,500,000	
	Hefei Cowin Chengtai Equity Investment Partnership (Limited Partnership) (合肥同創誠泰股權投資合夥企業(有限合夥)) ("Cowin Chengtai")	7,500,000	15,000,000	

Transferor	Transferees	Registered capital acquired	Consideration	Basis of consideration
		(RMB)	*(RMB)*	
	KIP BRIGHT II (CHENGDU) EQUITY INVESTMENT PARTNERSHIP (LP) (景誠二期(成都)股權投資合夥企業(有限合夥)) ("KIP BRIGHT II")	5,000,000	10,000,000	
	KIP (ZHANGJIAGANG) VENTURE CAPITAL LLP (韓投(張家港)股權投資合夥企業(有限合夥)) ("KIP (ZHANGJIAGANG)")	5,000,000	10,000,000	
	Shanghai Nuolin Pharmaceutical Partnership Enterprise (Limited Partnership) (上海諾臨醫藥合夥企業(有限合夥)) ("Shanghai Nuolin")	4,880,000	9,760,000	
	Jiangyin Guotiao Hongtai Private Equity Investment Partnership (Limited Partnership) (江陰國調洪泰私募股權投資合夥企業(有限合夥)) ("Hongtai Investment") (formerly known as Tibet Guotiao Hongtai Private Equity Investment Partnership (Limited Partnership) (西藏國調洪泰私募股權投資合夥企業(有限合夥))	4,500,000	9,000,000	

(1) Pursuant to the equity transfer agreements dated October 31, 2022, BioTrack Capital transferred approximately 0.97% and 0.93% equity interest in the Company to BioTrack AA Limited ("BioTrack AA") and BioTrack BZ Limited ("BioTrack BZ"), both being its wholly-owned subsidiaries ("BioTrack Capital Internal Transfer"). Such equity transfer was conducted for their internal restructuring purpose.

(2) Following a strategic realignment to optimize resource utilization, KPC chose to focus its R&D efforts on its then core therapeutic areas, including cardiovascular and cerebrovascular, anti-tumor treatment, orthopedics, and immunology. This strategic shift led to KPC's decision to transfer its equity in the Company to other investors during the Equity Transfers in Series Pre-A Financing.

Subscription of increased registered capital in Series Pre-A Financing

Under the capital contribution agreement dated November 6, 2020 entered into among the Company, the Series Pre-A Financing investors set forth below and our then Shareholders, the following Series Pre-A Financing investors agreed to subscribe the increased registered capital of the Company:

Subscribers	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Hong Kong Innogen(1)	14,488,889	40,000,000
JINGDE (GUANGZHOU)	12,677,778	35,000,000
Cowin China Fund II	12,677,778	35,000,000
BioTrack Capital	9,055,556	25,000,000
Palace Investments	6,338,889	17,500,000
Cowin Chengtai	5,433,333	15,000,000
Dr. Wang(1)	3,622,222	10,000,000
KIP BRIGHT II	3,622,222	10,000,000
KIP (ZHANGJIAGANG)	3,622,222	10,000,000
Shanghai Nuolin	3,535,289	9,760,000
Hongtai Investment	3,260,000	9,000,000

(1) Hong Kong Innogen and Dr. Wang made their capital contribution by way of transferring intellectual property rights to the Company. Such contribution was determined based on arm's length negotiations among the relevant parties with reference to a valuation report of such intellectual property rights issued by an independent valuer.

Series A Financing

Under the capital contribution agreement dated November 30, 2021 entered into among the Company, the Series A financing investors set forth below and our then Shareholders, the following Series A financing investors agreed to subscribe the increased registered capital of the Company (the "Series A Financing"):

Subscribers	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Shenzhen Zhongshen Xinchuang Equity Investment Partnership Enterprise (Limited Partnership) (深圳中深新創股權投資合夥企業(有限合夥)) ("Zhongshen Xinchuang")	12,066,709	100,000,000

Subscribers	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Ningbo Meishan Bonded Port Area Huixin Investment Management Partnership (Limited Partnership) (寧波梅山保税港區匯莘投資管理合夥企業(有限合夥)) ("Huixin Investment")	8,446,696	70,000,000
Gongqingcheng Shangpeng Investment Management Partnership (Limited Partnership) (共青城尚鵬投資管理合夥企業(有限合夥)) ("Shangpeng Investment")	2,172,008	18,000,000
Beijing Yuanhui Ruize Zero Phase Equity Investment Fund Center (Limited Partnership) (北京源慧睿澤零期股權投資基金中心(有限合夥)) ("Yuanhui Investment") (formerly known as Jinggangshan Yuanhui Ruize Zero Phase Venture Capital Partnership Enterprise (Limited Partnership) (井岡山源慧睿澤零期創業投資合夥企業(有限合夥))	482,668	4,000,000
Beijing Yuanhui Ruize Entrepreneurship Investment Center (Limited Partnership) (北京源慧睿澤創業投資中心(有限合夥)) ("Beijing Yuanhui")	965,337	8,000,000
CICC Biomedical Fund L.P. (中金啟德(廈門)創新生物醫藥創業投資合夥企業(有限合夥) (formerly known as 中金啟德(廈門)創新生物醫藥股權投資基金合夥企業(有限合夥)) ("CICC Biomedical Fund")	7,843,361	65,000,000
Ningbo Vstar Xinyuan Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (寧波源星欣元私募投資基金合夥企業(有限合夥)) ("Vstar Investment")	6,033,354	50,000,000
Jiangsu Taizhou Light Control Industry Investment Partnership Enterprise (Limited Partnership) (江蘇泰州光控產業投資合夥企業(有限合夥)) ("Guangkong Industrial Investment")	4,826,684	40,000,000
Jiaxing Juesheng No. 1 Equity Investment Partnership Enterprise (Limited Partnership) (嘉興崛盛一號股權投資合夥企業(有限合夥)) ("Juesheng No. 1")	4,826,684	40,000,000
Langma No. 44 (Shenzhen) Entrepreneurship Investment Center (Limited Partnership) (朗瑪四十四號(深圳)創業投資中心(有限合夥)) ("Langma No. 44")	2,896,010	24,000,000

Subscribers	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Langma No. 45 (Shenzhen) Entrepreneurship Investment Center (Limited Partnership) (朗瑪四十五號(深圳)創業投資中心(有限合夥)) ("Langma No. 45")	3,137,344	26,000,000
Xiamen Deyi Changqing Venture Capital Partnership Enterprise (Limited Partnership) (廈門德屹長青創業投資合夥企業(有限合夥)) ("Xiamen Deyi")	5,430,019	45,000,000
Suzhou Guofeng Dingjia Venture Capital Partnership Enterprise (Limited Partnership) (蘇州國豐鼎嘉創業投資合夥企業(有限合夥)) ("Guofeng Dingjia")	4,223,348	35,000,000
Shanghai Pudong Science and Technology Innovation Investment Fund Partnership Enterprise (Limited Partnership) (上海浦東科技創新投資基金合夥企業(有限合夥)) ("Pudong Technology Innovation Fund")	3,620,013	30,000,000
Hefei Cowin SME Development Fund Partnership (Limited Partnership) (合肥同創中小企業發展基金合夥企業(有限合夥)) ("Hefei Cowin")	6,033,354	50,000,000
Ganzhou Gongchuang Enterprise Management Center (Limited Partnership) (贛州共創企業管理中心(有限合夥)) ("Ganzhou Gongchuang")	362,001	3,000,000
Palace Investments	12,066,709	100,000,000
Shanghai Nuolin	965,337	8,000,000

Equity Transfer in October 2022

Under an equity transfer agreement dated October 31, 2022 entered into between BioTrack Capital and Yunnan Jichan Phase II Equity Investment Fund Partnership (Limited Partnership) (雲南基產貳期股權投資基金合夥企業(有限合夥)) ("Yunnan Jichan Phase II Fund"), BioTrack Capital agreed to transfer the registered capital of RMB3,700,198 of the Company to Yunnan Jichan Phase II Fund at a consideration of RMB35,000,000 (the "Equity Transfer in October 2022"). The consideration of the Equity Transfer in October 2022 was determined based on arm's length negotiations between the parties taking into account the Company's valuation for its previous financing.

Conversion into a Joint Stock Company

On December 6, 2022, the Company was converted into a joint stock company with its corporate name changed to Guangzhou Innogen Pharmaceutical Group Co., Ltd (廣州銀諾醫藥集團股份有限公司). Upon the completion of the conversion, the registered capital of the Company became RMB327,731,814 divided into 327,731,814 Shares with a nominal value of RMB1.00 each.

Series B Financing

Under the capital contribution agreements entered into among the Company, our then Shareholders and the Series B financing investors set forth below, the following Series B financing investors agreed to subscribe for newly issued Shares (the "**Series B Financing**"):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration
			(RMB)
February 15, 2023	Tianjin Biyoulin Technology Co., Ltd. (天津必有鄰科技有限公司) ("Tianjin Biyoulin")	3,641,465	36,000,000
	Sanya Siqi Zhiqing Investment Center (Limited Partnership) (三亞思其智擎投資中心(有限合夥)) ("Sanya Siqizhiqing")	505,759	5,000,000
	Sanya Zhixin Yuanda Investment Center (Limited Partnership) (三亞置信遠大投資中心(有限合夥)) ("Sanya Zhixinyuanda")	255,914	2,530,000
	Sanya Zhiyuan Zhicheng Investment Center (Limited Partnership) (三亞致遠致誠投資中心(有限合夥)) ("Sanya Zhiyuanzhicheng")	249,845	2,470,000
	Mingzhe Fengtai (Zibo) Equity Investment Partnership (Limited Partnership) (銘哲豐泰(淄博)股權投資合夥企業(有限合夥)) ("Mingzhefengtai")	1,011,518	10,000,000

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration
			(RMB)
	Sanya Qidi Baili Investment Center (Limited Partnership) (三亞啟迪百利投資中心(有限合夥)) ("Sanya Qidibaili")	1,153,940	11,408,000
	Sanya Qidi Xuri Investment Center (Limited Partnership) (三亞啟迪旭日投資中心(有限合夥)) ("Sanya Qidixuri")	1,981,766	19,592,000
	Chongqing Shengyunhe Technology Partnership (Limited Partnership) (重慶晟運和科技合夥企業(有限合夥)) ("Chongqing Shengyunhe")	950,827	9,400,000
March 23, 2023	Xiamen Zhengxuan Enterprise Management Partnership (Limited Partnership) (廈門鉦煊企業管理合夥企業(有限合夥)) ("Xiamen Zhengxuan")	20,230,359	200,000,000
	Huajin Dadao Investment Co., Ltd. (華金大道投資有限公司) ("Huajin Dadao")	3,034,554	30,000,000
	Beijing Future Extreme Technology Development Center (Limited Partnership) (北京未來極限科技發展中心(有限合夥)) ("Future Extreme")	303,455	3,000,000
	Shanghai Nuolin	202,304	2,000,000

Series B+ Financing

Under a capital contribution agreement dated January 10, 2024 entered into among the Company, our then Shareholders and Guangzhou Industrial Investment Biomedical and Health Special Master Fund Partnership Enterprise (Limited Partnership) (廣州產投生物醫藥與健康專項母基金合夥企業(有限合夥) ("Guangzhou Industrial Investment"), Guangzhou Industrial Investment agreed to subscribe for 22,594,783 newly issued Shares at a consideration of RMB250,000,000 (the "Series B+ Financing").

Equity Transfers in July 2024

Under equity transfer agreements dated July 29, 2024, Shanghai Nuolin and Hongtai Investment agreed to transfer their 1,564,392 Shares and 5,516,234 Shares to Suzhou Long'ao Pan Artificial Intelligence High-tech Investment Center (Limited Partnership) (蘇州龍遨泛人工智慧高科技投資中心(有限合夥)) ("Suzhou Long'ao"), at a consideration of RMB10,826,050.82 and RMB38,173,949.18, respectively (the "Equity Transfers in July 2024"). The consideration of the Equity Transfers in July 2024 was determined on arm's length negotiations among the relevant parties taking into account the timing of the transfer and relevant shareholder's strategic plan.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we established following employee incentive platforms, with Shanghai Nuotang Biotechnology Co., Ltd. (上海諾糖生物科技有限公司) ("Shanghai Nuotang") (an entity wholly-owned by Dr. Wang) being their respective general partner:

		As at the Latest Practicable Date	
Employee Incentive Platforms	**Date of Establishment**	**Percentage of Shareholding in the Company[(1)]**	**Limited Partners**
Guangzhou Nuosu . .	October 15, 2020	6.89%	Dr. Wang (our founder and Director)

		As at the Latest Practicable Date	
Employee Incentive Platforms	**Date of Establishment**	**Percentage of Shareholding in the Company[(1)]**	**Limited Partners**
Guangzhou Nuopa. .	August 19, 2022	7.80%	Dr. Wang (our founder and Director), Jiang Fan (our Director), Xu Wenjie (our Director), Huang Bing (our Director), Shao Anna (our Supervisor), Yue Jianjun (our Supervisor) and ten current or former employees of our Group
Guangzhou Nuotai. .	August 18, 2022	0.87%	Dr. Wang (our founder and Director) and 12 current or former employees of our Group

(1) On June 24, 2021, Dr. Wang, Hong Kong Innogen, Hong Kong Invengen, JINGDE (GUANGZHOU), KIP BRIGHT II, KIP (ZHANGJIAGANG), Cowin China Fund II, Cowin Chengtai, Palace Investments, BioTrack Capital, Hongtai Investment and Shanghai Nuolin transferred a total of registered capital of RMB28,960,102 of the Company to Guangzhou Nuosu at nil consideration.

On February 6, 2023, Guangzhou Nuopa and Guangzhou Nuotai subscribed for 32,774,646 and 3,640,000 newly issued Shares, respectively, at nominal value.

CAPITALIZATION OF THE COMPANY

The following table is a summary of the capitalization of the Company:

	As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and conversion of the Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
Shareholder	Number of Shares	Percentage of Shareholding in the Shares	Number of H Shares	Percentage of Shareholding in the H Shares	Number of Total Shares	Percentage of Shareholding in the Total Issued Share Capital
Dr. Wang	46,219,556	11.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Nuopa	32,774,646	7.80%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Nuosu	28,960,102	6.89%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hong Kong Invengen	27,253,600	6.48%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hong Kong Innogen	12,750,222	3.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Nuotai	3,640,000	0.87%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	***151,598,126***	***36.07%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
JINGDE (GUANGZHOU)	26,556,444	6.32%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cowin China Fund II	26,556,444	6.32%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Palace Investments	25,344,931	6.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Industrial Investment	22,594,783	5.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xiamen Zhengxuan	20,230,359	4.81%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhongshen Xinchuang	12,066,709	2.87%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cowin Chengtai	11,381,333	2.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BioTrack Capital	9,055,556	2.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huixin Investment	8,446,696	2.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CICC Biomedical Fund	7,843,361	1.87%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KIP BRIGHT II	7,587,556	1.81%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KIP (ZHANGJIAGANG)	7,587,556	1.81%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Long'ao	7,080,626	1.68%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Nuolin	7,008,703	1.67%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Cowin	6,033,354	1.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Vstar Investment	6,033,354	1.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xiamen Deyi	5,430,019	1.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangkong Industrial Investment	4,826,684	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Juesheng No. 1	4,826,684	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guofeng Dingjia	4,223,348	1.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yunnan Jichan Phase II Fund	3,700,198	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Biyoulin	3,641,465	0.87%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pudong Technology Innovation Fund	3,620,013	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BioTrack AA	3,171,598	0.75%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Everest No. 45	3,137,344	0.75%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BioTrack BZ	3,041,537	0.72%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huajin Dadao	3,034,554	0.72%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and conversion of the Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
Shareholder	Number of Shares	Percentage of Shareholding in the Shares	Number of H Shares	Percentage of Shareholding in the H Shares	Number of Total Shares	Percentage of Shareholding in the Total Issued Share Capital
Everest No. 44	2,896,010	0.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shangpeng Investment	2,172,008	0.52%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanya Qidixuri	1,981,766	0.47%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hongtai Investment	1,312,566	0.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanya Qidibaili	1,153,940	0.27%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mingzhefengtai	1,011,518	0.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Yuanhui	965,337	0.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chongqing Shengyunhe	950,827	0.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanya Siqizhiqing	505,759	0.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yuanhui Investment	482,668	0.11%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ganzhou Gongchuang	362,001	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Future Extreme	303,455	0.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanya Zhixinyuanda	255,914	0.06%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanya Zhiyuanzhicheng	249,845	0.06%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	***268,664,823***	***63.93%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investors taking part in the [REDACTED]	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	***420,262,949***	***100%***	[REDACTED]	***100%***	[REDACTED]	***100%***

PUBLIC FLOAT

Apart from [**REDACTED**] H Shares held by Dr. Wang, Guangzhou Nuopa, Guangzhou Nuosu, Hong Kong Invengen, Hong Kong Innogen and Guangzhou Nuotai to be converted from the Unlisted Shares, all the H Shares will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon completion of the [**REDACTED**] and conversion of the Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised.

Upon completion of the [**REDACTED**] and conversion of the Unlisted Shares into H Shares, assuming that (i) [**REDACTED**] H Shares being issued in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; (iii) [**REDACTED**] Unlisted Shares being converted to H Shares; and (iv) [**REDACTED**] Shares are issued in the share capital of the Company upon completion of the [**REDACTED**], [**REDACTED**] Shares, representing approximately [**REDACTED**]% of the total issued Shares, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. [**REDACTED**]% of the total issued Shares with a market capitalization of substantially over HK$375 million will be held by the public upon completion of the [**REDACTED**] in accordance Rule 18A.07 of the Listing Rules.

A SHARE LISTING PREPARATION

In December 2022, we entered into a tutoring agreement (the "Tutoring Agreement") with CITIC Securities Company Limited (中信証券股份有限公司) ("CITIC Securities"), pursuant to which CITIC Securities agreed to provide guidance for us during the tutoring process (輔導期) for a potential A share listing (the "A Share Listing Preparation"). As part of the A Share Listing Preparation, we filed a notice of A share pre-listing tutoring application with the CSRC on December 30, 2022 and received the CSRC's filing acceptance on January 6, 2023. Considering that the Stock Exchange would provide us with an international platform to access foreign capital, attract diverse overseas investors, raise our profile and market awareness, we decided to pursue the [**REDACTED**] on the Stock Exchange. As of the Latest Practicable Date, we did not submit any A share listing application to the CSRC or any stock exchange for review, nor did we receive any comments or issues raised by the CSRC (including its local offices) or any stock exchange in relation to the A Share Listing Preparation. While the Tutoring Agreement has not been terminated by the Company as at the Latest Practicable Date, the Company will not pursue a [**REDACTED**] on any stock exchanges in the PRC before the completion of, or within six months after, the [**REDACTED**].

The Directors are not aware of any matters or findings from the A Share Listing Preparation which have been brought to their attention and would have a material adverse implication on the [**REDACTED**], or any matters that might materially and adversely affect the Company's suitability for the [**REDACTED**]. The Directors further confirm that there is no other matter in relation to the A Share Listing Preparation that needs to be brought to the attention of the Stock Exchange or potential [**REDACTED**]. Based on the due diligence conducted by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors in relation to the A Share Listing Preparation that would materially and adversely affect the Company's suitability for [**REDACTED**] on the Stock Exchange or that should be brought to the attention of the Stock Exchange or potential [**REDACTED**].

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals and mergers that we consider to be material to us.

PRE-[REDACTED] INVESTMENTS

Summary of Pre-[REDACTED] Investments

The following table sets forth a summary of the details of the Pre-[**REDACTED**] Investments[(2)(5)]:

	Series Pre-A Financing[(1)]	Series A Financing	Series B Financing	Series B+ Financing
Amount of registered capital or number of Shares subscribed for	RMB78,334,178	RMB86,397,636	33,521,706	22,594,783
Amount of consideration paid	RMB216,260,000	RMB716,000,000	RMB331,400,000	RMB250,000,000
Post-money valuation of the Company[(3)]	approximately RMB666 million	approximately RMB2,716 million	approximately RMB3,930 million	approximately RMB4,650 million
Date of payment of full consideration	March 9, 2021	February 21, 2022	March 31, 2023	February 29, 2024
Cost per Share paid under the Pre-[REDACTED] Investment	RMB2.76[(4)]	RMB8.29[(4)]	RMB9.89	RMB11.06
[REDACTED] to the [REDACTED][(6)]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Basis of consideration The consideration for each round of the Pre-[REDACTED] Investments were determined based on arm's length negotiations among the relevant parties taking into consideration the timing of the investments and the Company's development stage and status of clinical trials.

Use of proceeds and whether they have been fully utilized We utilized the proceeds from the Pre-[REDACTED] Investments for our principal business, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, approximately 50.45% of the net proceeds from the Pre-[REDACTED] Investments had been utilized.

Lock-up Under the applicable PRC laws and regulations, within the 12 months following the [REDACTED], no current Shareholders (including the Pre-[REDACTED] Investors) may dispose of any of the Shares held by them.

Strategic benefits At the time of the Pre-[REDACTED] Investments, the Directors were of the view that (i) the Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors and their market influence, knowledge and experience and (ii) the Pre-[REDACTED] Investments demonstrated the Pre-[REDACTED] Investors' confidence in the operation and development of our Group.

(1) The Equity Transfers in 2020 is not included in the above table as the consideration of the transfers in the total amount of RMB166,260,000 was paid to KPC (instead of the Company) by the relevant Pre-[**REDACTED**] Investors. The consideration of such transfer was fully settled on March 9, 2021. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB2.00.

The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details of the Equity Transfers in 2020, see "— Establishment and Corporate Development — Series Pre-A Financing — Equity Transfers in Series Pre-A Financing" in this section.

(2) The Equity Transfer in October 2022 is not included in the above table as the consideration of the transfer in the amount of RMB35,000,000 was paid to BioTrack Capital (instead of the Company) by the relevant Pre-[**REDACTED**] Investor. The consideration of such transfer was fully settled on November 14, 2022. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB9.46. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details of the Equity Transfer in October 2022, see "— Establishment and Corporate Development — Equity Transfer in October 2022" in this section.

(3) The Series Pre-A Financing valuation was determined through arm's length negotiation after considering the successful completion of Phase I clinical trial of Efsubaglutide Alfa in healthy adult volunteers and the initiation of Phase IIa clinical trial for the treatment of T2D. The Series A Financing valuation was determined through arm's length negotiation after considering the launch of Phase III clinical trials of Efsubaglutide Alfa. The Series B Financing valuation reflected the achievement of the primary endpoint at 24 weeks in the Phase III clinical trials of Efsubaglutide Alfa, signaling the nearing completion of the Phase III clinical trials. The Series B+ Financing valuation was driven by the submission of BLA applications for Efsubaglutide Alfa for the treatment of T2D. The increase of our Company's valuation upon [**REDACTED**] from Series B+ Financing is primarily due to the R&D progress we made, alongside achieving key business milestones subsequent to Series B+ financing including, among others, (i) our BLA applications for Efsubaglutide Alfa (brand name: Diabegone) were approved by the NMPA, marking it the first domestically developed humanized long-acting GLP-1 receptor agonist product commercialized in China, and (ii) we completed Phase IIa clinical trial and patient enrollment of Phase IIb portion of the Phase IIb/III clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China.

(4) Taking into account of the Company's conversion into a joint stock limited company on December 6, 2022.

(5) The Equity Transfers in July 2024 is not included in the above table as the consideration of the transfer in the total amount of RMB49,000,000 was paid to Shanghai Nuolin and Hongtai Investment (instead of the Company) by the relevant Pre-[**REDACTED**] Investor. The consideration of such transfer was fully settled on July 30, 2024. The cost per Share of such transfer was approximately RMB6.92. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details of the Equity Transfers in July 2024, see "— Establishment and Corporate Development — Equity Transfers in July 2024" in this section.

(6) Calculated based on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**].

Rights of the Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors were granted certain special rights, including but not limited to redemption right and information right. No redemption right existed on or after the date of our first submission of the [**REDACTED**] form to the Stock Exchange in relation to the [**REDACTED**] and no other effective special rights will survive the [**REDACTED**].

Information about our Pre-[REDACTED] Investors

Our Pre-[**REDACTED**] Investors include Sophisticated Investors, such as KIP and Shenzhen Cowin, who have made meaningful investment in the Company in accordance with Chapter 2.3 of the Guide for New Listing Applicants. KIP (through JINGDE (GUANGZHOU), KIP BRIGHT II and KIP (ZHANGJIAGANG)) and Shenzhen Cowin (through Cowin Chengtai and Hefei Cowin), will hold approximately [**REDACTED**]% and [**REDACTED**]%, respectively, of the Company's total issued share capital upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

The background information of our Pre-[**REDACTED**] Investors is set out below. To the best knowledge of the Directors, save as disclosed below, each of the Pre-[**REDACTED**] Investors and their respective ultimate beneficial owners is an independent third party, and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Pre-[REDACTED] Investors	Background
KIP	JINGDE (GUANGZHOU), KIP BRIGHT II and KIP (ZHANGJIAGANG) are limited partnerships established in the PRC and are all investment arms of KIP. The general partner of JINGDE (GUANGZHOU) is KOREA INVESTMENT PARTNERS (SHANGHAI) Co., Ltd. (韓投夥伴(上海)創業投資管理有限責任公司) ("KIP Shanghai"), which is wholly-owned by KOREA INVESTMENT PARTNERS Co., Ltd. ("KIP"). JINGDE (GUANGZHOU) has five limited partners, with the largest being KIP KIS SEA-CHINA Fund ("SEA CHINA FUND"), holding approximately 53.27% of the partnership interest. None of the other four limited partners holds more than 30.00% of the partnership interest. The general partner of KIP BRIGHT II is KIP CHENGDU EQUITY INVESTMENT MANAGEMENT PARTNERSHIP (LP) (真友成都股權投資基金管理企業(有限合伙)), whose general partner is KIP Shanghai. KIP BRIGHT II has four limited partners with the largest being SEA CHINA FUND, holding approximately 50.98% of the partnership interest. None of the other three limited partners directly holds more than 30.00% of the partnership interest. The general partner of KIP (ZHANGJIAGANG) is KIP Shanghai. KIP (ZHANGJIAGANG) has two limited partners: SEA CHINA FUND and ZHANGJIAGANG SHAZHOUHU VENTURE CAPITAL CO., LTD. (張家港市沙洲湖創業投資有限公司), holding approximately 54.95% and 45.00% of the partnership interest, respectively. KIP is a limited company established in Korea, which is wholly-owned by KOREA INVESTMENT HOLDINGS Co., Ltd. ("KIH") (a company listed on the KOSDAQ (stock code: 071050)). Led by a team managing 63 funds with a total asset under management of US$4.4 billion, KIP has invested over US$3.6 billion in more than 1,000 companies and over 200 biotech and healthcare companies, including Ascentage Pharma Group International (a company listed on the Stock Exchange (stock code: 06855)), Peijia Medical Limited (a company listed on the Stock Exchange (stock code: 09996)) and EuBiologics Co., Ltd. (a company listed on the Korea Exchange (stock code: 206650)). See "— Series Pre-A Financing" in this section for further details on investments made by KIP.

Pre-[REDACTED] Investors	Background
Shenzhen Cowin. . .	Shenzhen Cowin (through Cowin Chengtai and Hefei Cowin, both are limited partnerships established in the PRC, primarily engaging in equity investment) made Pre-[**REDACTED**] investments in the Company. Details of these two funds are set out as below: The general partner of Cowin Chengtai is Anhui Cowin Jincheng Asset Management Co., Ltd. (安徽同創錦成資產管理有限公司), which is wholly-owned by Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) ("Shenzhen Cowin") (a company listed on the National Equities Exchange and Quotations in the PRC (stock code: 832793)). Cowin Chengtai has 28 limited partners, none of whom directly holds more than 30.00% of the limited partnership interests. The general partner of Hefei Cowin is Shenzhen Cowin Qianshun Investment Co., Ltd. (深圳市同創乾順投資有限公司), which is wholly-owned by Shenzhen Cowin. Hefei Cowin has 12 limited partners, none of whom holds 30.00% or more of the partnership interest.

Pre-[REDACTED] Investors	Background
	Shenzhen Cowin is owned as to approximately 57.07% and 25.47% by Huang Li (directly and through her controlled entities) and Zheng Weihe (directly and through his controlled entity), respectively. Shenzhen Cowin and its affiliates focus on investing on pioneering enterprise with more than RMB35 billion total assets under management and has invested in more than 100 listed companies, including Innovent Biologics, Inc. (a company listed on the Stock Exchange (stock code: 01801)), Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300558)) and Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司) (a company listed on the Stock Exchange (stock code: 02500)). See "— Series Pre-A Financing" and "— Series A Financing" in this section for further details on investments made by Cowin funds.
Cowin China Fund II	Cowin China Fund II is a Cayman Islands exempted limited partnership, which engaged in privately negotiated investments in equity and/or equity-related securities of PRC Companies that operate in or otherwise derive business opportunities from the healthcare, technology and consumer sectors. The general partner of Cowin China Fund II is Cowin Capital Investment II Ltd. ("Cowin Capital Investment II"), which is owned as to 70.00% and 30.00% by Cowin Capital Investment Limited ("Cowin Capital Investment") and Chua Wee Liang (former Director), respectively. Cowin Capital Investment is wholly-owned by Cowin Capital Investment III Limited ("Cowin Capital Investment III"), which is in turn owned as to 50.00% and 50.00% by Zheng Weihe (鄭偉鶴) and Huang Li (黃荔) (the spouse of Zheng Weihe), respectively. Cowin China Fund II has ten limited partners, with the largest being PavCap Fund I (also a shareholder of Palace Investments, another Pre-[**REDACTED**] Investor), holding approximately 23.30% of the partnership interest. Shenzhen Cowin, through its wholly-owned entity, holds approximately 6.99% of the partnership interest (Cowin China Fund II's investment in the Company is not aggregated with Shenzhen Cowin's investment due to a lack of sufficient control).
Ganzhou Gongchuang	Ganzhou Gongchuang is a limited partnership established in the PRC, primarily engaging in business management consulting. Its general partner is Wang Haibo (王海波), and it has two limited partners (being Chen Yuelin (陳悅林) and Nanjing Tongchuang Hezhong Venture Investment Partnership Enterprise (Limited Partnership) (南京同創合眾創業投資合夥企業(有限合夥)) holding approximately 0.66% and 99.01% of the partnership interest, respectively). Wang Haibo and Chen Yuelin are employees of Shenzhen Cowin or its subsidiary.

Pre-[REDACTED] Investors	Background
Palace Investments	Palace Investments is a private limited company incorporated in Singapore, engaging in private equity investments. Palace Investments is an indirect wholly-owned subsidiary of Pavilion Capital Holdings Pte. Ltd. ("Pavilion Capital"), which in turn is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited (" Temasek"). Pavilion Capital is independently managed, and Temasek is not involved in the business or operating decisions of Pavilion Capital or Palace Investments.
BioTrack Capital	BioTrack AA and BioTrack BZ are both wholly-owned by BioTrack Capital. BioTrack Capital is an exempted limited partnership established under the laws of the Cayman Islands and targeting to achieve long-term capital appreciation through equity and equity-related investments primarily in healthcare and healthcare related opportunities. BioTrack Fund I, GP, LP acts as the sole general partner of BioTrack Capital and the limited partners of BioTrack Capital include family offices, foundations, fund of funds, endowments and other qualified investors. The sole general partner of BioTrack Fund I GP, LP, is BioTrack Fund I GP Limited, a Cayman Islands exempted company, which is ultimately controlled by an independent third party individual.

Pre-[REDACTED] Investors	Background
Hongtai Investment	Hongtai Investment is a limited partnership established in the PRC, primarily engaging in private equity investment and assets management. Its general partner is Tianjin Hongtai Zhida Investment Management Co., Ltd. (天津洪泰志達投資管理有限公司), which is wholly-owned by Qingdao Xinchen Science and Technology Innovation Industry Co., Ltd. (青島鑫宸科創實業有限公司) ("Qingdao Xinchen"). Qingdao Xinchen is directly owned as to 60.00% by Sheng Xitai (盛希泰). Hongtai Investment has four limited partners, with the largest being Tianjin Guotiao Hongtai Investment Partnership Enterprise (Limited Partnership) (天津國調洪泰投資合夥企業(有限合夥)), holding approximately 65.56% of the partnership interest. None of the other three limited partners holds more than 30.00% of the partnership interest.
Shanghai Nuolin	Shanghai Nuolin is a limited partnership established in the PRC, primarily engaging in business consulting. Its general partner is Xu Zhiming (徐知明), and it has nine limited partners. The largest limited partner, Yin Guilin (尹桂林), holds approximately 34.64% of the partnership interest. None of other eight limited partners holds 30.00% or more of the partnership interest.
Youshan Capital	Zhongshen Xinchuang is a limited partnership established in the PRC, primarily engaging in equity investment. Its general partner is Shenzhen Youyue Consulting Partnership (Limited Partnership) (深圳優岳諮詢合夥企業(有限合夥)), whose general partner is Youshan Venture Capital Fund Management (Shenzhen) Co., Ltd. (優山創業投資基金管理(深圳)有限公司). Youshan Venture Capital Fund Management (Shenzhen) Co., Ltd. is 95.00% owned by Chen Yingjiu (陳迎九). Zhongshen Xinchuang has 18 limited partners, none of whom holds 30.00% or more of the partnership interest.

Pre-[REDACTED] Investors	Background
Zhiyuan Huicai . . .	Huixin Investment and Shangpeng Investment are limited partnerships established in the PRC and are both controlled by Tibet Dazi Zhiyuan Huicai Investment Management Co., Ltd. (西藏達孜致遠匯才投資管理有限公司) ("Zhiyuan Huicai"). The executive partner of Huixin Investment is Ningbo Meishan Bonded Port Area Minheng Qizhi Investment Management Center (Limited Partnership) (寧波梅山保稅港區民恒啟智投資管理中心(有限合夥)), whose general partner is Zhiyuan Huicai. Huixin Investment has 46 limited partners, with the largest being Ningbo Meishan Bonded Port Area Huichen Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區匯琛投資管理合夥企業(有限合夥)), holding approximately 91.60% of the partnership interest. The general partner of Shangpeng Investment is Zhiyuan Huicai, and its limited partner is Wu Haiyan (吳海燕), holding approximately 83.19% of the partnership interest. Zhiyuan Huicai is owned as to 51.00% and 49.00% by Wu Haiyan and Wang Daoping (王道平), respectively. Zhiyuan Huicai is primarily engaging in venture capital management, with total assets of RMB five billion under management.
Beijing Yuanhui Venture	Yuanhui Investment and Beijing Huiyuan are limited partnerships established in the PRC and are both controlled by Beijing Yuanhui Venture Capital Management Co., Ltd. (北京源慧創業投資管理有限公司) ("Beijing Yuanhui Venture"). The general partner of Yuanhui Investment is Beijing Yuanhui Venture. Yuanhui Investment has 20 limited partners, with the largest being Zhang Fan (張帆), holding 30.00% of the partnership interest.

Pre-[REDACTED] Investors	Background
	The general partner of Beijing Yuanhui is Beijing Xirongfeng Investment Management Center (Limited Partnership) (北京璽融豐投資管理中心(有限合夥)), whose general partner is Beijing Yuanhui Venture. Beijing Huiyuan has ten limited partners, with the largest being Sanya Rongquan Huiqian Enterprise Management Partnership (Limited Partnership) (三亞榕泉惠黔企業管理合夥企業(有限合夥)), holding approximately 32.41% of the partnership interest. None of the other nine limited partners holds more than 30.00% of the partnership interest. Beijing Yuanhui Venture is 80.00% owned by Zhang Fan (張帆) and is primarily engaging in equity investment, investment management and asset management, with RMB538.18 million total assets under management.

Pre-[REDACTED] Investors	Background
CICC Biomedical Fund	CICC Biomedical Fund is a limited partnership established in the PRC, primarily engaging in venture capital investment. The general partner of CICC Biomedical Fund is CICC Capital Management Co., Ltd., a wholly-owned subsidiary of China International Capital Corporation Limited, a company listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995). CICC Biomedical Fund has 30 limited partners, none of whom directly holds more than one third of the limited partnership interests.
Vstar Investment	Vstar Investment is a limited partnership established in the PRC, primarily engaging in equity investment. Its general partner is Yuanchuang Xingyuan Enterprise Management Consulting (Ningbo) Co., Ltd. (源創星源企業管理諮詢(寧波)有限公司), which is in turn indirectly wholly-owned by Vstar Partners Limited. Vstar Partners Limited is wholly-owned by Vstar Chuang Zhi Investment Limited, which is in turn wholly-owned by Zhuo Fumin (卓福民). Vstar Investment has two limited partners: VSTAR XINGYUAN INVESTMENT LIMITED and another entity, holding approximately 94.02% and 5.66% of the partnership interest, respectively.
Guangkong Industrial Investment	Guangkong Industrial Investment is a limited partnership established in the PRC, primarily engaging in equity investment, venture capital and investment consulting. Its general partner is Taizhou Guangkong Jiayuan Equity Investment Partnership Enterprise (Limited Partnership) (泰州光控嘉源股權投資合夥企業(有限合夥)), whose general partner is Taizhou Guangkong Jiafeng Equity Investment Co., Ltd. (泰州光控嘉豐股權投資有限公司) Taizhou Guangkong Jiafeng Equity Investment Co., Ltd. is indirectly wholly-owned by China Everbright Limited (a company listed on the Stock Exchange (stock code: 0165)). Guangkong Industrial Investment has three limited partners: Taizhou Pharmaceutical High Tech Zone Huayin Financial Investment Co., Ltd. (泰州醫藥高新區華銀金融投資有限公司) ("Huayin Investment"), Taizhou Everbright Taiyuan Equity Investment Co., Ltd. (泰州光控泰元股權投資有限公司) ("Everbright Taiyuan") and another entity, holding 50.00%, 39.00% and 10.00% of the partnership interest, respectively.

Pre-[REDACTED] Investors	Background
Juesheng No. 1	Juesheng No. 1 is a limited partnership established in the PRC, primarily engaging in equity investment. Its general partner is Hangzhou Xiaochi Private Equity Fund Management Co., Ltd. (杭州曉池私募基金管理有限公司), which is in turn owned as to 40.10% and 39.00% by Hainan Hanghong Investment Partnership Enterprise (Limited Partnership) (海南杭泓投資合夥企業(有限合夥)) ("Hainan Hanghong") and Hainan Hangchuang Investment Partnership Enterprise (Limited Partnership) (海南杭創投資合夥企業(有限合夥)) ("Hainan Hangchuang"), respectively. Yin Jie (尹潔) is the general partner of both Hainan Hanghong and Hainan Hangchuang. Juesheng No.1 has ten limited partners, none of whom holds 30.00% or more of the partnership interest.
Everest Venture Capital	Everest No. 44 and Everest No. 45 are limited partnerships established in the PRC with Everest Venture Capital Investment Co., Ltd. (朗瑪峰創業投資有限公司) ("Everest Venture Capital") being their respective general partner. Everest No. 44 and Everest No. 45 have 49 and 29 limited partners, respectively, none of whom holds 30% or more of the partnership interest. Everest Venture Capital is an investment company focusing on investment in high-tech companies. Everest Venture Capital had approximately RMB10 billion of assets under its management as of the Latest Practicable Date. Everest Venture Capital is 95.00% owned by Mr. Xiao Jiancong (肖建聰).
Xiamen Deyi	Xiamen Deyi is a limited partnership established in the PRC, primarily engaging in venture capital, venture capital consulting and venture management services. Its general partner is Xiamen Derong Investment Partnership Enterprise (Limited Partnership) (廈門德嶸投資合夥企業(有限合夥)), whose general partner is Xiamen Deyi Changqing Equity Investment Management Partnership Enterprise (Limited Partnership) (廈門德屹長青股權投資管理合夥企業(有限合夥)) ("Xiamen Deyi Changqing"). The general partner of Xiamen Deyi Changqing is Xiamen Zhisheng Investment Management Co., Ltd. (廈門至昇投資管理有限公司), which is 80.00% owned by Zhu Qiuzhen (朱秋貞). Xiamen Deyi has seven limited partners, with the largest being Xiamen Delihong Investment Partnership Enterprise (Limited Partnership) (廈門德利泓投資合夥企業(有限合夥)), holding 50.00% of the partnership interest. None of the other six limited partners holds more than 30.00% of the partnership interest.

Pre-[REDACTED] Investors	Background
Guofeng Dingjia. . .	Guofeng Dingjia is a limited partnership established in the PRC, primarily engaging in venture capital investment. Its general partner is Tibet Guoke Jiahe Investment Management Partnership (Limited Partnership) (西藏國科嘉和投資管理合夥企業(有限合夥)), whose general partner is Lhasa Guoke Jiahe Investment Management Co., Ltd. (拉薩國科嘉和投資管理有限公司) ("Lhasa Guoke"). Lhasa Guoke is wholly-owned by Cash Capital (Beijing) Investment Management Co., Ltd. (國科嘉和(北京)投資管理有限公司), which is in turn owned as to 49.00% and 41.00% by Beijing Dingxin Huifeng Investment Consulting Co., Ltd. (北京鼎鑫滙豐投資顧問有限公司) ("Beijing Dingxin") and Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司) (a wholly-owned company of Chinese Academy of Sciences (中國科學院)), respectively. Beijing Dingxin is owned as to 50.00% and 50.00% by Wang Ge (王戈) and Chen Hongwu (陳洪武), respectively. Guofeng Dingjia has 17 limited partners, none of whom holds 30.00% or more interest in the partnership.
Pudong Technology Innovation Fund	Pudong Technology Innovation Fund is a limited partnership established in the PRC, primarily engaging in equity investment, investment management and asset management. Its general partner is Shanghai Pudong Private Equity Fund Management Co., Ltd. (上海浦東私募基金管理有限公司), which is wholly-owned by Shanghai Pudong Innovation Investment Development (Group) Co., Ltd. (上海浦東創新投資發展(集團)有限公司) (a wholly-owned company of Shanghai Pudong Municipal State-owned Assets Supervision and Administration Commission (上海市浦東新區國有資產監督管理委員會)). Pudong Technology Innovation Fund has nine limited partners, none of whom holds 30.00% or more of the partnership interest.

Pre-[REDACTED] Investors	Background
Yunnan Jichan Phase II Fund	Yunnan Jichan Phase II Fund is a limited partnership established in the PRC, primarily engaging in equity investment, investment management and asset management. Its general partner is Yunnan Province Equity Investment Fund Management Co., Ltd. (雲南省股權投資基金管理有限公司), which is in turn owned as to 35.50% and 35.00% by Yunnan Kanglv Holdings Group Co., Ltd. (雲南省康旅控股集團有限公司) ("Yunnan Kanglv") and Shenzhen Shengyi Investment Co., Ltd. (深圳晟益投資有限公司) ("Shenzhen Shengyi"), respectively. Yunnan Kanglv is approximately 86.94% owned by Yunnan Dianzi Herong Investment Development Co., Ltd. (雲南滇資和容投資發展有限公司) (a company wholly-owned by Yunnan Municipal State-owned Assets Supervision and Administration Commission (雲南省人民政府國有資產監督管理委員會)). Shenzhen Shengyi is owned as to 60.00% and 40.00% by Li Meiqing (李美清) and Zhuang Peilong (莊培瓏), respectively. Yunnan Jichan Phase II Fund has two limited partners: Shenzhen Zhong Ming Trade Co., Ltd. (深圳中銘經貿有限公司) and another partner, holding approximately 96.93% and 2.79% of the partnership interest, respectively.
Tianjin Biyoulin	Tianjin Biyoulin is a limited liability company established in the PRC, primarily engaging in technology R&D and business consulting. Tianjin Biyoulin is approximately 93.28% owned by Tianjin Kunke Technology Co., Ltd. (天津坤克科技有限公司), which is in turn 90.00% owned by Chang Sheng (常勝).
Mingzhefengtai	Mingzhefengtai is a limited partnership established in the PRC, primarily engaging in in equity investment, investment management and asset management. Its general partner is Shenzhen Mingzhe Asset Management Co., Ltd. (深圳銘哲資產管理有限公司), which is in turn owned as to 60.00% and 40.00% by Wang Xiaolun (王曉倫) and Wang Jiaming (王佳明), respectively. Mingzhefengtai has two limited partners: Zhu Maosheng (諸茂盛) and another partner, holding approximately 69.99% and 29.99% of the partnership interest, respectively.

Pre-[REDACTED] Investors	Background
Beijing Hanfu.	Sanya Siqizhiqing, Sanya Zhixinyuanda, Sanya Zhiyuanzhicheng, Sanya Qidibaili and Sanya Qidixuri are limited partnerships established in the PRC and managed by their respective general partner Beijing Hanfu Asset Management Co., Ltd. (北京瀚富資產管理有限公司) ("Beijing Hanfu"). Beijing Hanfu is 90.00% owned by Zhao Mei (趙玫). Beijing Hanfu is a limited liability company established in the PRC and primarily engaging in equity investment, investment management and asset management with approximately RMB6.161 billion total assets under management. Sanya Siqizhiqing, Sanya Zhixinyuanda, Sanya Zhiyuanzhicheng, Sanya Qidibaili and Sanya Qidixuri have four, 29, 30, 47 and 46 limited partners, respectively. None of their limited partners holds 30.00% or more of the partnerships interest.
Chongqing Shengyunhe.	Chongqing Shengyunhe is a limited partnership established in the PRC, primarily engaging in business management consulting. Its general partner is Hou Jie (侯傑), and it has three limited partners: Long Yi (龍憶), Wang Bin (王斌) and another individual, holding approximately 38.30%, 38.30% and 19.15% of the partnership interest, respectively.
Xiamen Zhengxuan	Xiamen Zhengxuan is a limited partnership established in the PRC, primarily engaging in business management and business management consulting. Its general partner is Beijing Zhengguan Business Service Co., Ltd. (北京鉦冠商務服務有限公司), which is indirectly wholly-owned by Centurium Capital Management (HK) Limited. Centurium Capital Management (HK) Limited is indirectly wholly-owned by Li Hui (黎輝). Xiamen Centurium Phase II Investment Fund Partnership (Limited Partnership) (廈門大鉦二期投資基金合夥企業(有限合夥)) is the sole limited partner of Xiamen Zhengxuan, holding approximately 99.995% of the partnership interest.

Pre-[REDACTED] Investors	Background
Huajin Dadao	Huajin Dadao is a limited liability company established in the PRC, primarily engaging in investment activities. Huajin Dadao is wholly-owned by Huajin Securities Co., Ltd. (華金證券股份有限公司), which is in turn approximately 79.01% owned by Zhuhai Huafa Investment Holding Group Co., Ltd. (珠海華發投資控股集團有限公司). Zhuhai Huafa Investment Holding Group Co., Ltd. is ultimately controlled by Zhuhai Huafa Group Co., Ltd. (珠海華發集團有限公司) ("Huafa Group"). Huafa Group is approximately 93.51% owned by Zhuhai Municipal State-owned Assets Supervision and Administration Commission (珠海市人民政府國有資產監督管理委員會).
Future Extreme	Future Extreme is a limited partnership established in the PRC, primarily engaging in technology R&D and consulting. Its general partner is Zhang Boyu (張博宇), and it has 20 limited partners, none of whom holds 30.00% or more of the partnership interest.
Guangzhou Industrial Investment	Guangzhou Industrial Investment is a limited partnership established in the PRC, primarily engaging in equity investment, investment management and asset management. Its general partner is Guangzhou Industrial Investment Private Fund Management Co., Ltd. (廣州產投私募基金管理有限公司) ("Guangzhou Industrial Investment Private Fund"), which is 91.00% owned by Guangzhou Industrial Investment Capital Management Co., Ltd. (廣州產業投資資本管理有限公司) ("Guangzhou Industrial Investment Capital"). Guangzhou Industrial Investment Capital is wholly-owned by Guangzhou State-owned Development Holding Co., Ltd. (廣州產業投資控股集團有限公司) ("Guangzhou State-owned Development"), which is approximately 91.55% owned by State-owned Assets Supervision and Administration Commission of Guangzhou Municipal People's Government. Guangzhou Industrial Investment Master Fund Co., Ltd. (廣州產業投資母基金有限公司) ("Guangzhou Industrial Master Fund") is the sole limited partner of Guangzhou Industrial Investment, holding approximately 99.98% of the partnership interest.

Pre-[REDACTED] Investors	Background
Suzhou Long'ao . . .	Suzhou Long'ao is a limited partnership established in the PRC, primarily engaged in venture capital investment. Its general partner is Suzhou Longrui Venture Capital Management Co., Ltd. (蘇州龍瑞創業投資管理有限公司), which is in turn indirectly wholly-owned by Siuman Shirley Yeung. Suzhou Long'ao has four limited partners: Suzhou Haochuang Investment Management Co., Ltd. (蘇州豪創投資管理有限公司), 263 Network Communications Co., Ltd. (二六三網路通信股份有限公司) and two other partners, holding approximately 50.00%, 30.00% and 19.00% of the partnership interest, respectively.

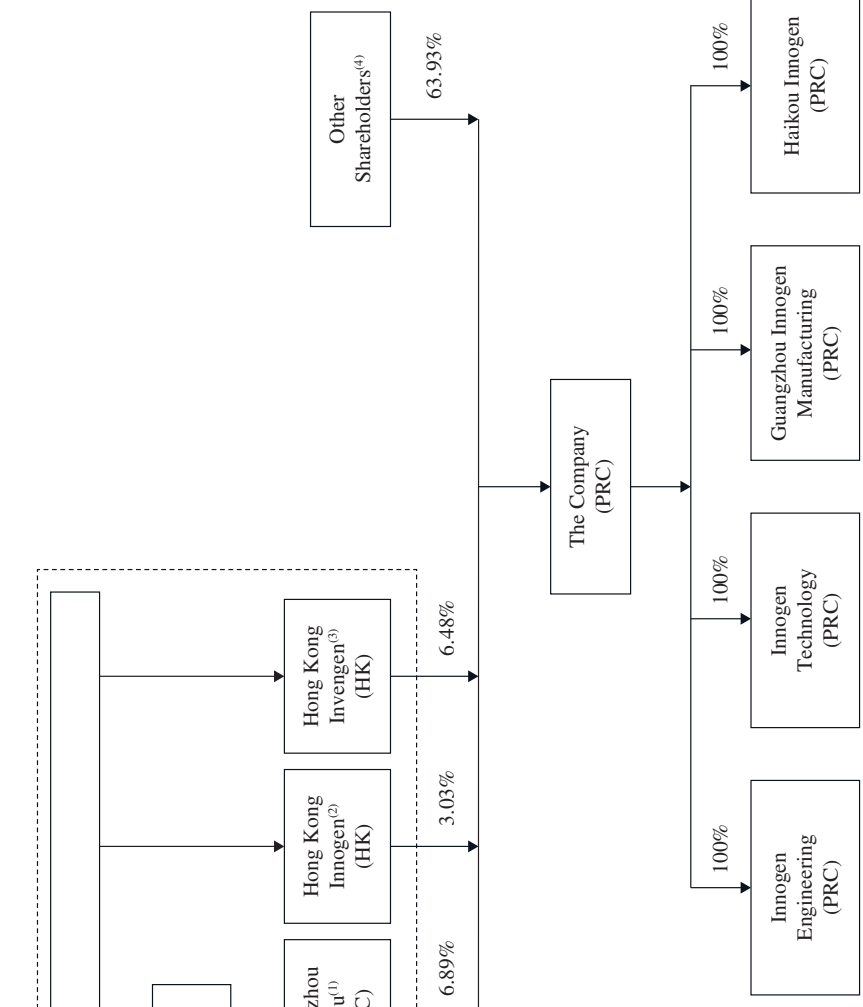
Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was settled more than 28 clear days before the date of our first submission of the [**REDACTED**] form to the Stock Exchange in relation to the [**REDACTED**], and (ii) no effective special rights of the Pre-[**REDACTED**] Investors will exist after the [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

CORPORATE STRUCTURE

Corporate Structure Immediately before Completion of the [REDACTED]

The following chart illustrates the shareholding structure and simplified corporate structure of the Group immediately prior to the completion of the [**REDACTED**] and conversion of the Unlisted Shares into H Shares:



(1) Guangzhou Nuotai, Guangzhou Nuopa, and Guangzhou Nuosu were established in the PRC as the Employee Incentive Platforms with Shanghai Nuotang (an entity wholly-owned by Dr. Wang) being their respective general partner. See "Employee Incentive Platforms" in this section.

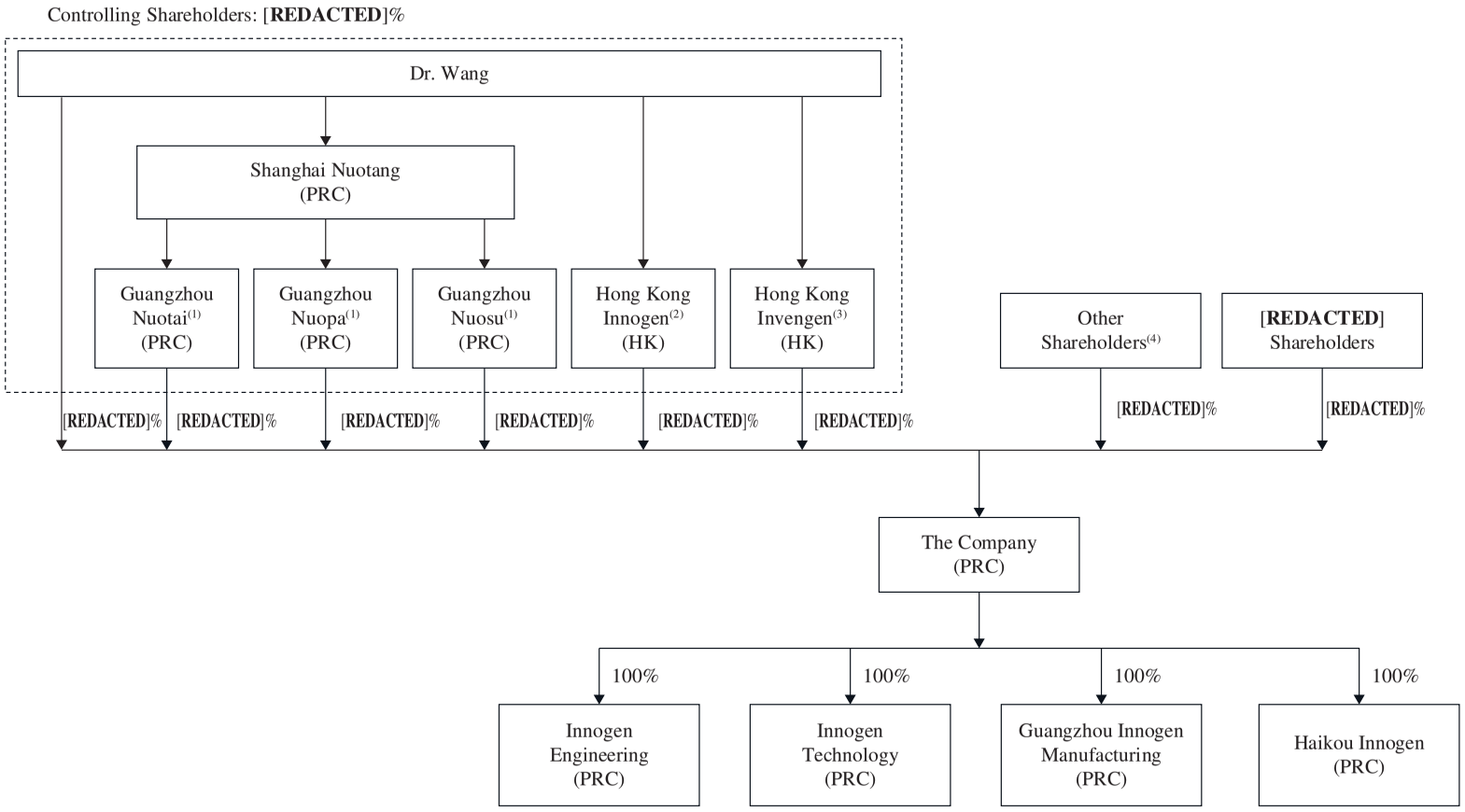
(2) Hong Kong Innogen was incorporated in Hong Kong and was wholly-owned by Dr. Wang as of the Latest Practicable Date.

(3) Hong Kong Invengen was incorporated in Hong Kong and was owned as to approximately 31.00% by Dr. Wang, 8.00% by our Director Jiang Fan and 61.00% by 10 other individuals (with one of these individuals being an associate of Dr. Wang and all the others being independent third parties and none of them holding more than 23.00% shareholding interest) as of the Latest Practicable Date. Pursuant to the Concert Party Agreement, Dr. Wang and Hong Kong Invengen agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings of the Company; and (ii) that when no consensus can be reached, Hong Kong Invengen shall vote in concurrence with Dr. Wang on the proposals. For details of Hong Kong Invengen, see "Establishment and Corporate Development" in this section.

(4) For details on the other investors, see "Summary of Pre-[**REDACTED**] Investments", "Capitalization of the Company" and "Information about our Pre-[**REDACTED**] Investors" in this section.

Corporate Structure Immediately Following Completion of the [REDACTED]

The following chart illustrates the shareholding structure and simplified corporate structure of the Group immediately following the completion of the [**REDACTED**] and conversion of the Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised):



(1) — (4) Please see the details contained in the preceding pages.

OVERVIEW

We are the first company in Asia and third globally to commercialize an innovative, humanized, long-acting glucagon-like peptide-1 (GLP-1) receptor agonist. We have commercialized Efsubaglutide Alfa (brand name: Diabegone), our Core Product, for the treatment of type 2 diabetes (T2D) in China. With integrated capacities across research and development, manufacturing, and commercialization, we are dedicated to developing therapies for diabetes and other metabolic diseases.

Diabetes and other metabolic diseases represent a significant global health burden.

Metabolic diseases are chronic diseases characterized by high prevalence, life-threatening symptoms and sustained economic burden. The ongoing challenges in the treatment and prevention of diabetes and other metabolic diseases present significant unmet clinical needs, creating substantial market opportunities for innovative treatments and solutions. According to Frost & Sullivan, the global and China metabolic diseases drug market reached US$145.4 billion and US$16.4 billion in 2024, and is expected to grow to US$191.6 billion and US$24.5 billion in 2028 at a CAGR of 7.1% and 10.6% from 2024 to 2028, respectively. The global and China diabetes drug market reached US$99.3 billion and RMB71.2 billion in 2024, and is expected to grow to US$123.2 billion and RMB97.9 billion in 2028 at a CAGR of 5.6% and 8.3% from 2024 to 2028, respectively.

GLP-1-based therapy is reshaping the treatment paradigm for diabetes and other metabolic diseases.

For over 100 years, insulin has been the only therapy for patients with type 1 diabetes (T1D) and a major therapy for patients with T2D. However, insulin cannot prevent or alleviate diabetic complications. These complications include serious damages to various blood vessels, capillaries and related organs, including heart, kidney, liver, and nervous system, and pose a serious threat to the health of patients receiving insulin therapy. In contrast, GLP-1-based therapy can prevent and alleviate these life-threatening diabetic complications, offering a more comprehensive solution to diabetes management. In addition to its effective, glucose-dependent control of blood sugar levels, GLP-1-based therapy supports weight management and provides significant beneficial effects for the cardiovascular system, liver, kidneys, and central nervous system. Insulin therapy also comes with side effects, including the life-threatening hypoglycemia (low blood sugar), disease-accelerating weight gain, and insulin resistance. On the contrary, numerous clinical studies have demonstrated that GLP-1-based therapy presents a significantly lower risk of hypoglycemia, promotes weight loss, improves insulin resistance, and increases insulin sensitivity and responsiveness. These advantages have positioned GLP-1-based therapy as an increasingly preferred treatment for T2D, taking over the dominant position of insulin therapy in the treatment of T2D. According to Frost & Sullivan, GLP-1 diabetes drug market accounted for 41.1% of the global diabetes drug market in 2024. The market share is expected to grow to 55.6% and 79.1% globally and in the United

States in 2034, respectively. In recent years, the American Diabetes Association (ADA) and the European Association for the Study of Diabetes (EASD) have issued guidelines recommending GLP-1 receptor agonists as the preferred therapy for T2D complications. The Chinese Diabetes Society (CDS) also issued the guidance for GLP-1 receptor agonists in the treatment of T2D, including those T2D patients with high risk of cardiovascular diseases. GLP-1-based therapy also possesses broader therapeutic effects, including cardiovascular and renal benefits, glucose and lipid metabolism control, lipotoxicity reduction, blood pressure regulation, and neuron protection. These effects are interconnected to the physiological and pathological processes of metabolic dysfunction-associated steatohepatitis (MASH), Alzheimer's disease (AD) and hypertension, among other diseases, making GLP-1 a promising therapeutical target for these diseases.

GLP-1 drug market in China is still emerging and underpenetrated, presenting significant growth potential.

According to Frost & Sullivan, GLP-1 diabetes drug market represented only 14.2% of the diabetes drug market in China in 2024, significantly lower than that market share of 41.1% globally in the same year, respectively. The GLP-1 diabetes drug market in China is expected to increase from RMB10.1 billion in 2024 to RMB43.7 billion in 2028, and further to RMB84.8 billion in 2034, representing a CAGR of 44.1% from 2024 to 2028 and 11.7% from 2028 to 2034, respectively. GLP-1-based therapies also show great growth potential in treating other diseases. In particular, the GLP-1 obesity or overweight drug market in China is expected to increase from RMB0.4 billion in 2024 to RMB20.7 billion in 2028, and further to RMB74.6 billion in 2034, representing a CAGR of 171.2% from 2024 to 2028 and 23.8% from 2028 to 2034.

Our continuous R&D efforts towards humanized, long-acting GLP-1-based therapy originate from the deep understanding of the etiology of metabolic diseases, and industry insight of our founder.

Native GLP-1 has short half-life (<2 mins). Scientists have made tremendous efforts for several decades to develop humanized, long-acting, more effective GLP-1 receptor agonists. Semaglutide and dulaglutide, two humanized, long-acting GLP-1 receptor agonists have boosted the growth of GLP-1 drug market at a CAGR of 29.5% from US$8.7 billion in 2018 to US$40.8 billion in 2024, according to Frost & Sullivan, unleashing great growth potential globally. We are the third company in the world to have advanced an innovative, humanized, long-acting GLP-1 receptor agonist to the registration stage. Efsubaglutide Alfa is designed and engineered by fusing GLP-1 with human IgG2 Fc, leading to its extended *in vivo* average half-life of 204 hours. Our strategic R&D efforts towards humanized, long-acting GLP-1-based therapy is led by our founder, Dr. Wang. Dr. Wang is a clinician scientist in GLP-1 research and clinical application. He is dedicated to translational medicine for GLP-1-based therapies. He has been focusing his research on metabolic diseases for over 25 years. In 2002, he was the first to report the *in vitro* molecular and cellular mechanisms and *in vivo* regulatory mechanisms of GLP-1 in the treatment of T2D. In 2007, he first reported the strategy of using recombinant fusion protein engineering technology to produce long-acting GLP-1 to treat T2D.

Dr. Wang is the inventor of Efsubaglutide Alfa and a range of metabolic disease innovative drug candidates. The development of Efsubaglutide Alfa was selected into and supported by the Major National Science and Technology Projects for New Drug Development under the National 13th Five-Year Plans (十三五國家科技"重大新藥創製"課題), for which Dr. Wang acted as the project leader.

We strategically design our drug pipeline with a focus on metabolic diseases, aiming to revolutionize patient care while seizing significant market opportunities.

Since our inception in 2014, we have been building up a robust pipeline of drug candidates that address substantial unmet clinical needs in diabetes and other metabolic diseases. The following chart summarizes the development status of our commercialized drug, clinical-stage drug candidate and selected pre-clinical stage drug candidates as of the Latest Practicable Date, all of which has been developed through our in-house R&D efforts.

Pipelines	Target	Indication	Pre-clinical	IND	Phase I	Phase II	Phase III	BLA	Approval	Commercial Rights	Current status and next milestone
★ Efsubaglutide Alfa	GLP-1R	T2D[1]	Monotherapy							Global	BLA approved by NMPA in January 2025; Commercialized in China in February 2025
			Combination therapy with Metformin							Global	BLA approved by NMPA in January 2025; Commercialized in China in February 2025
		Obesity and overweight[1]	Monotherapy							Global	Completed Phase IIa clinical trial in China in November 2024; Initiated Phase IIb/III clinical trial in China in March 2025 and expect to complete this trial in the fourth quarter of 2026
		MASH[1]	Monotherapy							Global	Obtained IND approval from FDA in March 2023; Obtained IND approval in March 2025; Expect to initiate a multi-center Phase IIa clinical trial in China and the U.S. in 2026
YN014	Brain-specific target	AD								Global	Expect to submit IND application in the first half of 2026
YN401	Beta-cell-specific target	T1D								Global	Expect to submit IND application in 2025-2026
YN209	Liver-specific target	MASH								Global	Expect to submit IND application in 2026
YN203	GCGR	T2D								Global	Expect to submit IND application in 2026
YN202	GHS-R	Obesity and overweight								Global	Expect to submit IND application in 2026

★ Core Product

Pipelines in China

Pipelines in China and United States

Early stage pipelines

Abbreviations: IND represents the investigational new drug application, BLA represents the biologics license application, GLP-1R represents glucagon-like peptide-1 receptor, T2D represents type 2 diabetes, MASH represents metabolic dysfunction-associated steatohepatitis, AD represents Alzheimer's disease, GCGR represents glucagon receptor, GHS-R represents growth hormone secretagogue receptor.

Note: 1. We completed a randomized, double-blind, placebo-controlled, single-dose, dose-escalation Phase I clinical trial of Efsubaglutide Alfa in healthy subjects in December 2019. This Phase I clinical trial of Efsubaglutide Alfa was conducted on healthy subjects and not targeted for any specific indication. This trial serves as the foundation for the subsequent clinical development of Efsubaglutide Alfa for three indications: T2D, obesity and overweight, and MASH.

Efsubaglutide Alfa:

Efsubaglutide Alfa, our Core Product, is an in-house developed, humanized, long-acting GLP-1 receptor agonist. It is designed for the treatment of T2D and other metabolic diseases. Efsubaglutide Alfa's clinical studies have demonstrated its fast action, and strong and sustained efficacy, distinguished longer half-life, and favorable safety profile, making it a potentially standout option among current therapies for T2D.

- Efsubaglutide Alfa showed fast action, strong and sustained efficacy. With first four-week treatment, patients with T2D experienced a 1.1% reduction in hemoglobin A1c (HbA1c) levels with Efsubaglutide Alfa monotherapy (3.0 mg) in a Phase III clinical trial. Efsubaglutide Alfa also demonstrated outstanding glucose-lowering effects. In a randomized double-blind placebo control Phase III clinical trial, Efsubaglutide Alfa monotherapy with 1.0 mg and 3.0 mg dosing resulted in a statistically and clinically significant reduction in HbA1c of 1.7% and 2.2%, respectively, from their baselines at week 24. Furthermore, Efsubaglutide Alfa demonstrated its sustained efficacy in treating patients with T2D. It improves T2D patients' pancreatic cell function and achieves diabetes remission.

- Efsubaglutide Alfa exhibited a distinguished longer average half-life of 204 hours. The extended long-acting effect of Efsubaglutide Alfa potentially improves patient adherence for long-term disease management.

- Efsubaglutide Alfa has favorable safety profile. No cases of drug related level 2 or higher hypoglycemia were observed in Efsubaglutide Alfa's clinical trials.

- Efsubaglutide Alfa showed dual effects on glycemic and body weight control. Efsubaglutide Alfa also led to significant improvements in cardiometabolic risk markers compared to placebo. This included greater reductions in waist circumference, Body Mass Index (BMI) and enhancements in various lipid parameters.

Efsubaglutide Alfa is the first domestically developed, humanized, long-acting GLP-1 receptor agonist approved in China. Our BLAs for Efsubaglutide Alfa for the treatment of T2D both as a monotherapy and in combination with metformin were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025.

To fully leverage its extensive therapeutic potential, we have been developing new indications of Efsubaglutide Alfa to include the treatment of other metabolic diseases such as obesity, overweight and MASH. For obesity and overweight, we obtained IND approval from the NMPA for a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in July 2023. We initiated this Phase IIa clinical trial in March 2024, and completed this trial in November 2024. For the treatment of MASH, we obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

Other pipeline products:

In addition to Efsubaglutide Alfa, we have been developing pre-clinical stage and IND-enabling drug candidates for the treatment of AD and metabolic diseases including obesity, overweight, MASH, T1D and T2D. These drug candidates leverage advanced scientific research and technology, aiming to provide innovative, effective solutions for these diseases currently lack effective therapies.

Our continuous discovery and development of innovative drug candidates is mainly driven by and rely on our advanced technologies and end-to-end R&D system.

Our in-house developed Recombinant Fusion Protein Platform allows us to generate and develop innovative biomedicines, including therapeutic peptides and proteins for the treatment of diabetes and other metabolic diseases. These therapeutic peptides and proteins fused with IgG-Fc segment result in long-acting functionality and high efficacy. Under this platform, we successfully developed Efsubaglutide Alfa, our Core Product, with its fast, strong and sustained efficacy and distinguished longer average half-life of 204 hours. In addition to Efsubaglutide Alfa, this technology platform empowers us to develop more biomedicine with strong efficacy and extensively long-action for the treatment of various metabolic diseases.

Our R&D system encompasses all critical stages of drug development, including target and molecule screening, translational medicine drug validation, pre-clinical evaluation, clinical development and CMC. The comprehensive R&D system supports efficient, high-quality development of our existing drug candidates while enabling sustainable and replicable expansion of our pipeline with innovative mechanisms and new targets.

We are fully prepared for the commercialization of Efsubaglutide Alfa.

We have assembled a core commercialization team of highly experienced professionals with an average of approximately 20 years of experience in metabolic diseases and pharmaceutical consumer product commercialization. With clinical trials of Efsubaglutide Alfa conducted in leading hospitals in China and led by prominent clinical experts, its efficacy and safety have been widely recognized by healthcare professionals. We believe this recognition plays a critical role in accelerating the market entry and promoting the broad clinical adoption of the product. We are developing and executing an omnichannel commercial strategy integrating hospitals, retail pharmacies, and other online or offline sales channels, with an aim to provide patients with safe, effective, accessible and affordable innovative medicines.

OUR STRENGTHS

Scientific insights facilitating our innovation in developing Efsubaglutide Alfa.

Efsubaglutide Alfa is a first domestically developed, humanized, long-acting GLP-1 receptor agonist approved in China. Through our in-house development efforts, Efsubaglutide Alfa is designed for the treatment of T2D and other metabolic diseases.

Our BLAs for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for T2D were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025.

Fast action, strong and sustained efficacy

Phase III clinical data demonstrated that Efsubaglutide has fast action. With first four-week treatment, patients with T2D receiving Efsubaglutide Alfa monotherapy (3.0 mg) experienced a 1.1% reduction in HbA1c levels.

Efsubaglutide Alfa has demonstrated outstanding glucose-lowering effects. In a randomized double-blind placebo control Phase III clinical trial, Efsubaglutide Alfa monotherapy with 1.0 mg and 3.0 mg dosing resulted in a statistically and clinically significant reduction in HbA1c of 1.7% and 2.2%, respectively, from their baselines at week 24.

Furthermore, Efsubaglutide Alfa demonstrated its sustained efficacy in treating patients with T2D. It improves T2D patients' pancreatic β cell function and achieves diabetes remission. According to an investigator-initiated study performed by an independent third-party institution, over 40% of the patients after 52-week Efsubaglutide Alfa treatment remained in remission without the continued use of Efsubaglutide Alfa or other glucose-lowering medications within one year after Efsubaglutide Alfa treatment.

Distinguished longer half-life

Efsubaglutide Alfa exhibited a distinguished longer average half-life of 204 hours. The long-acting effect of Efsubaglutide Alfa potentially improves patient adherence for long-term disease management. We have launched Efsubaglutide Alfa as a weekly dosage. To verify Efsubaglutide Alfa's biweekly dosing administration regimen, we are conducting an exploratory, multi-center, randomized, controlled clinical study in China to compare the effect of Efsubaglutide Alfa injection with biweekly administration in patients with T2D. This trial was initiated in November 2024, and is expected to be completed in the first half of 2025.

Favorable safety profile

Clinical data has demonstrated a favorable safety profile for Efsubaglutide Alfa, making it well-suited for patients' long-term disease management. No cases of drug related level 2 or higher hypoglycemia were observed in its trials. In its clinical trials, Efsubaglutide Alfa treatment reported few cases of nausea and vomiting, the common adverse events of GLP-1 receptor agonists. In addition, compared to other GLP-1 receptor agonists, no new risk of adverse events was found in the clinical trials of Efsubaglutide Alfa.

Good patient adherence

Leveraging its favorable safety profile, Efsubaglutide Alfa allows for single injection of selected dose with disposable auto-injector without dosing titration (i.e., the gradual increase of the dosage), distinguishing it from most of the marketed GLP-1 receptor agonists globally that require dose titration steps. This eliminates the need for dosage adjustments, offering greater convenience for patients and potentially enhancing treatment adherence.

Furthermore, an ergonomic "one-step" automatic injection pen is designed for the injection of Efsubaglutide Alfa. Patients only need to "remove the cap and press" the injection pen, which is convenient for them to use.

Cardiovascular benefits

Cardiovascular disease, the most common complication for patients with diabetes, is the leading cause of death in these patients. Pre-clinical and clinical studies of GLP-1 receptor agonists have shown that GLP-1 exerts cardioprotective actions, including preserving cardiomyocyte and endothelial cell viability, reducing infarct size and ameliorating myocardial infarction and heart failure.

Efsubaglutide Alfa has been clinically proven to offer cardiovascular benefits. In our Phase III clinical trials of Efsubaglutide Alfa for T2D, Efsubaglutide Alfa both as a monotherapy and in combination with metformin reduced blood pressure from baseline. This significant reduction in blood pressure lowers the risk of hypertension in patients with T2D, which in turn reduces their risk of heart attack, heart failure, and stroke.

Efsubaglutide Alfa also led to significant improvements in cardiometabolic risk markers compared to placebo. This included greater reductions in waist circumference, BMI and enhancements in various lipid parameters. Our findings align with recent reports from other trials of Semaglutide in patients with T2D, which showed improvements in cardiometabolic risk markers and reductions in cardiovascular risk compared to placebo in pivotal trials with cardiovascular outcomes. Collectively, GLP-1 receptor agonists, including Efsubaglutide Alfa, offer additional cardiovascular protective benefits, potentially reducing the risk of major adverse cardiovascular events.

For cardiovascular disease risk assessment, low-density lipoprotein cholesterol (LDL-C) and total cholesterol (TC) are key parameters. In our Phase III clinical trial, patients treated with Efsubaglutide Alfa experienced a significant reduction in both LDL-C and TC levels, with average decreases of 0.27 mmol/L for LDL-C and 0.38 mmol/L for TC from baseline at the 1 mg dose after 24 weeks of treatment.

In addition, in our Phase IIb/III clinical trials of Efsubaglutide Alfa for T2DM, 3.0 mg of Efsubaglutide Alfa as an add-on to metformin reduced blood pressure by an average of 4.09 mmHg from baseline. This significant reduction in blood pressure lowers the risk of hypertension in patients with type 2 diabetes, which, in turn, reduces their risk of heart attack, heart failure, and stroke.

Potentiality of treating other diseases

GLP-1 exerts biological function through activation of GLP-1 receptors, which are expressing in various organs and tissues in the body, including adipose tissue, the liver, the cardiovascular system, and the central nervous system. In pancreatic islets, GLP-1 stimulates insulin secretion and suppresses glucagon release. Importantly, GLP-1 can increase β-cell regeneration. Furthermore, GLP-1-based therapy can also suppress appetite, delay gastric emptying, regulate blood lipid metabolism and reduce fat deposition.

To fully leverage its various therapeutic potential, we have been developing Efsubaglutide Alfa in new therapeutic indications, including obesity, overweight, and MASH. See "— Our Drug Candidates" for more details.

A pipeline portfolio of drug candidates for metabolic diseases to capture market opportunities.

Strategic layout of our pipeline products

Since our inception in 2014, we have been building up a pipeline focusing on addressing clinical needs for diabetes and other metabolic diseases treatment. By exploring multiple pathways, we aim to identify the targets that can enhance treatment efficacy for metabolic diseases.

Diabetes

Diabetes associated complications are the leading cause of death. According to Frost & Sullivan, diabetes prevalence reached 589.0 million globally and 148.0 million in China in 2024. Driven by the growing patient prevalence, increasing healthcare awareness, enhanced patient accessibility to medications and the continuous innovation in anti-diabetic medications, the global diabetes drug market is expected to increase from US$99.3 billion in 2024 to US$139.4 billion in 2034, while the China diabetes drug market is expected to increase from RMB71.2 billion in 2024 to RMB146.4 billion in 2034.

Alongside to Efsubaglutide Alfa, we have been developing YN401 and YN203 for the treatment of T1D and T2D, respectively.

- YN401 for T1D. T1D is an autoimmune disease caused by T cell-mediated autoimmune destruction of the islet β cells, resulting in a significant loss of the β cell mass. YN401 is an innovative drug candidate targeting β cell-specific target with dual mechanisms of β cell protection, proliferation promotion, and autoimmunity suppression for the treatment of T1D. YN401 is currently in the IND-enabling stage, and we plan to submit an IND application for it in 2025 or 2026.

- YN203 for T2D. YN203 is a recombinant fusion protein targeting glucagon receptors (GCGR) for the treatment of T2D. YN203 has dual targeting mechanisms for the liver and pancreas. In the liver, it inhibits the signaling pathways mediated by GCGR, reducing hepatic gluconeogenesis. In the pancreas, it promotes cell growth and inhibiting apoptosis, leading to pancreatic β-cell proliferation, and increasing insulin synthesis and secretion. YN203 is currently in the pre-IND stage, and we plan to submit an IND application for it in 2026.

Obesity and Overweight

Obesity and overweight are major contributors to chronic diseases such as diabetes and cardiovascular diseases. Beyond their physical health implications, they also leads to significant social and psychological challenges. According to Frost & Sullivan, the prevalence of obesity and overweight in 2024 reached 2,615.5 million and 640.5 million globally and in China, respectively. The obesity and overweight drug market in China is currently in its early stage, reaching only RMB4.2 billion in 2024, compared to US$16.9 billion globally for the same year. Both global and China obesity and overweight drug markets are expected to grow rapidly at a CAGR of 21.5% and 50.8%, respectively, from 2024 to 2028, highlighting a substantial market potential.

GLP-1-based therapy has demonstrated multiple therapeutic benefits, including lowering blood glucose levels, promoting weight loss, reducing food intake, regulating lipid metabolism, and decreasing fat accumulation. Therefore, GLP-1-based therapies have substantial potential to address weight management and improve metabolic health. According to Frost & Sullivan, the global GLP-1 obesity and overweight drug market is expected to increase from US$14.7 billion in 2024 to US$33.8 billion in 2028, representing a CAGR of 23.2%, while the GLP-1 obesity and overweight drug market in China is expected to increase from RMB0.4 billion in 2024 to RMB20.7 billion in 2028, representing a CAGR of 171.2%.

We have been developing Efsubaglutide Alfa for the treatment of obesity and overweight. Efsubaglutide Alfa resulted in a weight reduction of 7.0% and 5.4% respectively, after four weeks treatment in combination with metformin or digoxin, in non-diabetic subjects. We initiated a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in March 2024 in China, and completed this trial in November 2024.

We have also been developing YN202 for the treatment of obesity and overweight. YN202 is a recombinant fusion protein targeting the ghrelin receptor (GHS-R) binding domain. Ghrelin is a hormone that stimulates appetite and promotes fat storage. YN202 competes with ghrelin for binding to the GHS-R receptor, regulating peripheral circulating levels of ghrelin and obesity-related hormones, thereby inducing a feeling of satiety and reducing food intake, which results in weight loss. YN202 is currently in the pre-IND stage, and we plan to submit an IND application for this drug candidate in 2026.

MASH

MASH is a life-threatening disease. It could lead to liver scarring, cirrhosis or even liver cancer. Approximately 4.9% and 3.1% population suffered from MASH globally and in China in 2023, respectively. Due to its complex etiology, only two drugs were approved for the treatment of MASH as of the Latest Practicable date, namely Rezdiffra approved in the U.S. in 2024 and Lipaglyn approved in India in 2020.

We have been developing Efsubaglutide Alfa in treating MASH. Efsubaglutide Alfa's potential efficacy for the treatment of MASH has been demonstrated in pre-clinical studies. In an *in vivo* study on MASH-afflicted rhesus monkeys, 12 weeks of subcutaneous administration of Efsubaglutide Alfa resulted in a 40% reduction in liver fat content, a statistically significant decrease in Metabolic Dysfunction-Associated Fatty Liver Disease Activity (MAS) scores and an evident improvement in liver fibrosis without serious adverse effects.

We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

We have also been developing YN209 for the treatment of MASH. YN209 is a drug candidate targeting liver-specific pathway for the treatment of MASH. Based on pre-clinical studies including *in vitro* studies, we identified a specific myokine, a type of cytokines secreted by the human body that targets fatty liver. By optimizing the structure of this natural hormone, we developed YN209, a promising candidate for treating MASH. YN209 specifically targets liver cells to exert hepatic actions by suppressing free fatty acid production (lipogenesis), enhancing fat breakdown (lipolysis) and boosting free fatty acid beta oxidation to improve mitochondrial function with the autophagy process, which helps clear damaged cells. YN209 is currently in the IND-enabling stage, and we plan to submit an IND application for it in 2026.

Alzheimer's disease (AD)

AD is the leading cause of dementia globally. According to Frost & Sullivan, the prevalence of AD in China has grown from 11.3 million in 2018 to 14.5 million in 2024 at a CAGR of 4.3% and is expected to reach 16.8 million by 2028 and 20.8 million by 2034. The economic burden of AD is growing substantially, covering not only the costs of symptomatic

treatments but also substantial expenses for adjunctive medications, management of complications, and specialized care. Current treatments for AD mainly aim at relieving symptoms, with only a few having the ability to slow disease progression, underscoring significant unmet clinical needs.

YN014 is a drug candidate for the treatment of AD. This drug candidate utilizes an innovative therapeutic regimen rationalized by the protection of neuron cells while reducing the production and release of beta-amyloid (Aβ), phosphorylated tau protein, proteins that are relevant to the onset of AD, while suppressing the activity of microglial cells causing inflammation in the brain. We have completed all pre-clinical studies for YN014 and are currently preparing for the IND submission. We plan to submit an IND application for YN014 in the first half of 2026.

We strategically design our pipeline to focus on metabolic diseases, with an aim of transforming patient care and capturing substantial market opportunities. It is believed this tiered approach not only positions us to continue our innovation in the rapidly evolving field of metabolic diseases, but also aligns with global trends towards more effective treatment options.

Omnichannel commercialization approach to enhance the patient accessibility to Efsubaglutide Alfa, an expert-endorsed product

We are fully prepared for the commercialization of Efsubaglutide Alfa. Our efforts have been made to develop and execute an omnichannel commercial strategy integrating hospitals, retail pharmacies, and other online or offline sales channels. With a science-driven omnichannel commercialization approach, we believe that we can provide patients with safe, effective, accessible and affordable innovative medicines to help them live healthier lives.

Our commercialization team comprises highly experienced professionals with an average of approximately 20 years of expertise in bringing metabolic disease treatments and pharmaceutical consumer products to market. The team is led by Ms. Wenjie Xu, our executive Director and senior vice president, alongside Mr. Jing Xiao, Head of E-commerce and Retail. Together, they bring a wealth of expertise and a proven track record in areas such as multi-channel marketing and distribution strategies, medical education initiatives, and market access breakthroughs. During her time at AstraZeneca, Ms. Xu notably spearheaded the successful commercial launch of Forxiga, the first-in-class SGLT-2 inhibitor, which has since become the top one anti-diabetic brand in China. Additionally, she was instrumental in establishing Hua Medicine's strategic commercialization partnership with Bayer, who has extensive sales force and robust Key Opinion Leader (KOL) network.

We plan to leverage the credibility that Efsubaglutide Alfa has established among renowned hospitals and leading experts in China to accelerate market entry and drive broad acceptance of this product.

- *Broad coverage of major hospitals in clinical trials, particularly tertiary hospitals in China.* Our commercialization approach is built on a foundation of prominent academic influence, and broad recognition of our products in the hospitals and scientific society. We have engaged over 100 major hospitals nationwide as our clinical sites for Efsubaglutide Alfa, the majority of which are tertiary care hospitals in China.

- *Scientific evidence in metabolic research.* With the support of pre-clinical animal study data, the *Clinical Expert Consensus on Assessment and Protection of* β*-Cell Function in T2D* suggests that Efsubaglutide Alfa enhanced insulin secretion in a glucose concentration-dependent manner, promoted the conversion of proinsulin to insulin, induced β-cell proliferation and differentiation, and protected β-cells against apoptotic injury.

- *Medical education and brand awareness.* We have continuously enhanced our professional scientific image by publishing scientific papers at the annual meeting of international and national diabetes conferences, such as the American Diabetes Association (ADA), the European Academy of Diabetes (EASD), the Chinese Diabetes Society (CDS) and The Chinese Society of Endocrinology, Chinese Medical Association (CSE). We have conducted a series of educational programs on the progress of Efsubaglutide Alfa to raise awareness and adoption.

We are well prepared to meet the immediate market demands for large-scale commercialization of Efsubaglutide Alfa by partnering with a qualified CDMO. In 2020, we established a strategic partnership with a CDMO for the development of commercial production of Efsubaglutide Alfa. Our CDMO has established a set of GMP and cGMP-compliant biopharmaceutical R&D and production system, which is recognized by the CDE, FDA and EMA, to provide stable and sufficient supply for the future global development and marketing of Efsubaglutide Alfa. The local production facilities and process in China for Efsubaglutide Alfa provides advantages both in cost efficiency and quality. Currently, imported GLP-1 receptor agonists approved in China face global shortages. With our timely and sufficient supply of Efsubaglutide Alfa, we would be able to address the growing market demands in China and globally.

Our technologies and R&D platform enable us to continuously discover and develop high-quality innovative drug candidates.

Our continuous discovery and development of innovative drug candidates is mainly driven by our advanced technologies and end-to-end R&D system. Our technology advantages allow for consistent new drug R&D, as exemplified by our development of Efsubaglutide Alfa. Our R&D system encompasses all critical stages of drug development, including target and molecule screening, translational medicine, drug validation, pre-clinical evaluation, clinical development and CMC. The comprehensive R&D system supports efficient, high-quality development of our existing drug candidates while enabling sustainable and replicable expansion of our pipeline with innovative mechanisms and new targets in metabolic diseases.

Our proprietary Recombinant Fusion Protein Platform to design and engineer candidates with long-acting functionality and high efficacy.

Our in-house developed Recombinant Fusion Protein Platform allows us to generate and develop innovative biomedicines, such as therapeutic peptides and proteins for the treatment of diabetes and other metabolic diseases. Fusion of these therapeutic peptides and proteins with IgG-Fc segment results in long-acting functionality and high efficacy. These IgG-Fc fusion peptides or proteins are large molecular weight homodimers with dual active molecules. They are stable in the bloodstream and are not rapidly cleared by kidney filtration. This significantly extends the drug's half-life and enhances its therapeutic efficacy. The production of our innovative biomedicines engages mammalian cell expression system such as using CHO cells. The production process is straightforward and simple under control of GMP quality assurance standards, covering upstream protein secretion and expression, and downstream protein purification and formulation procedures.

Based on this proprietary technology platform, we have successfully developed Efsubaglutide Alfa with its fast action, strong and sustained efficacy as well as distinguished longer average half-life of 204 hours in patients with T2D compared to other marketed, humanized, long-acting GLP-1 receptor agonists. We will continue to leverage our technology platform to develop more biomedicine with strong efficacy and extensively long-action to treat various metabolic diseases.

Our experienced clinical team capable of executing effective and efficient clinical development.

We have established a clinical team with extensive clinical experience, enabling us to conduct clinical trial design and operational strategy for the clinical development. We design our clinical strategies by integrating insights of the mechanisms and molecular characteristics of our drug candidates, the pre-clinical pharmacology and efficacy data, the mechanisms and epidemiological features of metabolic diseases, as well as clinical diagnostics and patient demands. We also leverage clinical data from drug targets or indications and use early-stage clinical data from our pipeline products to support our clinical development plan.

Our strong translational medicine capability to bridge basic research with unmet clinical demands.

We have a robust translational medicine capability, translate the basic research into solid clinical solutions to address significant unmet clinical needs for the treatment of diabetes and other metabolic diseases. During the pre-clinical stage, we evaluate pharmacokinetics, toxicity, pharmacology, and safety through *in vitro* and animal studies. These comprehensive assessments enable us to make data-driven decisions about advancing candidates and establishing critical development milestones. Our translational medicine team bridges the gap

between basic research and clinical application. We systematically integrate pre-clinical and clinical data to better understand the underlying mechanisms of metabolic diseases and translate these findings into effective treatments that can significantly improve patient outcomes.

A seasoned management team with strong scientific expertise and industry insight

We are led by a seasoned management team with proven track record. Our founder, Dr. Wang, is a clinician scientist in GLP-1 research and clinical application and is dedicated to translational medicine for GLP-1-based therapies. He translates innovative discoveries from basic research into clinical solutions to address significant unmet clinical needs, and has been focusing his research on metabolic diseases for over 25 years. Dr. Wang is the inventor of Efsubaglutide Alfa and a range of metabolic disease innovative drug candidates. The development of Efsubaglutide Alfa was selected into and supported by the Major National Science and Technology Projects for New Drug Development under the National 13th Five-Year Plans (十三五國家科技"重大新藥創製"課題), for which Dr. Wang acted as the project leader.

His research focuses on the molecular and cellular biological mechanisms and etiology of diabetic metabolic diseases. To date, his scientific research on basic and translational medicine has been published in more than 110 articles in top scientific journals with international influence, including PNAS, Diabetes, Diabetologia, and Cell Metabolism. In 2002, he was the first to report the *in vitro* molecular and cellular mechanisms and *in vivo* regulatory mechanisms of GLP-1 in the treatment of T2D. In 2007, he first reported the strategy of using recombinant fusion protein engineering technology to produce long-acting GLP-1 to treat T2D.

Our management team consists of visionary professionals with extensive industry experience. Our executive Director and senior vice president, Ms. Wenjie Xu, has over 20 years of successful experience in innovative drug marketing and commercialization operations. She is leading our commercialization efforts for Efsubaglutide Alfa. Our executive Director, vice president and head of finance, Ms. Fan Jiang, has over 15 years of experience in strategic consulting, investment, and financing in the pharmaceutical industry. She has extensive experience in formulating strategic plans for strategic alliance, product launches, and commercialization for global pharmaceutical companies. Our executive Director and vice president, Mr. Bing Huang, has over 17 years of experience in biopharmaceutical development and production scale-up. He is experienced in leading the process from IND application to clinical trials, process transfer, and commercial-scale production for biologics.

In addition, we have also received strong support from a number of well-known institutional investors focusing on healthcare sector, including KIP, Cowin Capital, Pavilion Capital, Guangzhou Industrial Investment, Youshan Capital, China Growth Capital, and Centurium Capital. Over the past four years, we have raised over RMB1.5 billion capital through several rounds of financing, demonstrating the market's strong confidence in our growth potential.

OUR STRATEGIES

Accelerate the approval and marketing of our Core Product and advance the clinical development of other drug candidates.

As of the Latest Practicable Date, we completed two pivotal Phase IIb/III clinical trials for Efsubaglutide Alfa, both as a monotherapy and in combination with metformin for the treatment of T2D in China that yield encouraging results showing favorable safety profile and therapeutic efficacy. Our BLAs for both therapies were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025. Along with the commercialization, we plan to conduct post-marketing clinical studies and real-world studies of Efsubaglutide Alfa for the treatment of T2D to accumulate long-term real-world efficacy and safety data.

Furthermore, we are developing new indications for our Core Product, Efsubaglutide Alfa, as set forth below:

- ***Treatment of obesity and overweight.*** In July 2023, we obtained IND approval from the NMPA for the Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight. We initiated this clinical trial in March 2024 and completed this trial in November 2024. We initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in March 2025 and expect to complete this trial in the fourth quarter of 2026.

- ***Treatment of MASH.*** We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

Our tiered, innovative pipeline for other metabolic diseases has been simultaneously enriching and advancing to accelerate the clinical development in capturing substantial market opportunities. These innovative pipeline products included YN014, YN401, YN209, YN203, and YN202. See "— Our Drug Candidates" for more details.

Progress our commercialization by building our brand and implementing extensive omnichannel marketing approaches.

We plan to strengthen our commercialization efforts through scientific activities and dynamic promotional activities across multiple channels. To continuously increase our scientific image and visibility in the field of metabolic diseases worldwide, we plan to conduct patient-focused and evidence-based educational activities. We also plan to deepen our academic collaborations with KOLs in the field of metabolic diseases.

The inclusion of Efsubaglutide Alfa for the treatment of T2D in the NRDL, if successful, will drive its rapid uptake in hospitals. Our strategy is to initially focus on major cities and tertiary hospitals in China to establish academic leadership, and to increase the penetration of Efsubaglutide Alfa. This also lays the foundation for our subsequent development of a broad market for Efsubaglutide Alfa, and our other future approved innovative medicines as well.

Pursue a phased strategy for the manufacture of Efsubaglutide Alfa to meet significant post-commercialization market demand.

We are implementing a phased strategy for the commercial manufacturing of Efsubaglutide Alfa to effectively meet significant post-launch market demand and ensure a stable and continuous supply. In the near term, we will collaborate with our CDMO partner to achieve initial commercial-scale manufacturing and supply of the product. As we progress through commercialization, we plan to establish our own manufacturing facilities to build up our in-house commercial production capacity for Efsubaglutide Alfa in the future. We plan to commence the construction of the manufacturing facility in Guangzhou in 2026. Upon completion, the new manufacturing facility is expected to have two 6,000-liter production lines.

Satisfy the clinical needs and maximize commercial value of our drug candidates through global expansion and strategic partnerships.

We will continuously expand our global footprint and forge strategic alliances to fully realize the clinical and commercial potential of our pipelines. We also plan to explore the potentials of Efsubaglutide Alfa and other drug candidates in overseas markets.

We may also explore strategic collaboration with global pharmaceutical companies and regional partners to cost-effectively bring our innovative drug candidates to the global market. By leveraging their local expertise and sales networks, we plan to effectively enter and grow in overseas markets, ensuring Efsubaglutide Alfa gain a strong foothold and achieve widespread impact in overseas market.

Strengthen our established talent team to support our continuous growth.

We attract and recruit top talents for R&D and commercialization, and will continue to do so to support our future growth. For commercialization, as Efsubaglutide Alfa has received marketing approval, we are building up and expanding a dedicated in-house commercialization team to effectively execute our marketing and sales strategy. For R&D, with more of our drug candidates advancing into clinical stages and the exploration of global market for Efsubaglutide Alfa, we are actively recruiting talents with extensive global and China-specific experience in clinical development and regulatory affairs.

OUR DRUG CANDIDATES

We have commercialized Efsubaglutide Alfa for the treatment of T2D both as a monotherapy and in combination with metformin in China and built a pipeline to address the significantly unmet clinical needs in metabolic diseases, including (i) Efsubaglutide Alfa for the treatment of obesity and overweight, for which we completed a Phase IIa clinical trial in China in November 2024, (ii) Efsubaglutide Alfa for the treatment of MASH, for which we have obtained IND approvals from the FDA and the NMPA to commence Phase IIa clinical trials, and plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China, and (iii) five pre-clinical stage or IND-enabling drug candidates.

All of the drug candidates have been in-house developed by us. The following pipeline chart summarizes the development status of our commercialized drug, clinical-stage drug candidate and selected pre-clinical stage drug candidates as of the Latest Practicable Date:

Pipelines	Target	Indication	Pre-clinical	IND	Phase I	Phase II	Phase III	BLA	Approval	Commercial Rights	Current status and next milestone
★ Efsubaglutide Alfa	GLP-1R	T2D[1]	Monotherapy							Global	BLA approved by NMPA in January 2025; Commercialized in China in February 2025
			Combination therapy with Metformin							Global	BLA approved by NMPA in January 2025; Commercialized in China in February 2025
		Obesity and overweight[1]	Monotherapy							Global	Completed Phase IIa clinical trial in China in November 2024; Initiated Phase IIb/III clinical trial in China in March 2025 and expect to complete this trial in the fourth quarter of 2026
		MASH[1]	Monotherapy							Global	Obtained IND approval from FDA in March 2023; Obtained IND approval in March 2025; Expect to initiate a multi-center Phase IIa clinical trial in China and the U.S. in 2026
YN014	Brain-specific target	AD								Global	Expect to submit IND application in the first half of 2026
YN401	Beta-cell-specific target	T1D								Global	Expect to submit IND application in 2025-2026
YN209	Liver-specific target	MASH								Global	Expect to submit IND application in 2026
YN203	GCGR	T2D								Global	Expect to submit IND application in 2026
YN202	GHS-R	Obesity and overweight								Global	Expect to submit IND application in 2026

★ Core Product

Pipelines in China

Pipelines in China and United States

Early stage pipelines

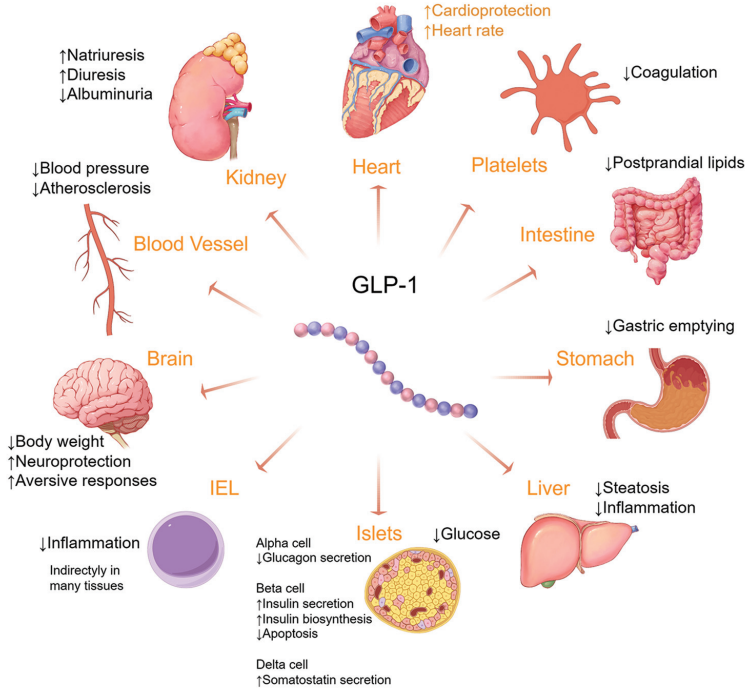
Abbreviations: IND represents the investigational new drug application, BLA represents the biologics license application, GLP-1R represents glucagon-like peptide-1 receptor, T2D represents type 2 diabetes mellitus, MASH represents metabolic dysfunction-associated steatohepatitis, AD represents Alzheimer's disease, GCGR represents glucagon receptor, GHS-R represents growth hormone secretagogue receptor.

Note:

1. We completed a randomized, double-blind, placebo-controlled, single-dose, dose-escalation Phase I clinical trial of Efsubaglutide Alfa in healthy subjects in December 2019. This Phase I clinical trial of Efsubaglutide Alfa was conducted on healthy subjects and not targeted for any specific indication. This trial serves as the foundation for the subsequent clinical development of Efsubaglutide Alfa for three indications: T2D, obesity and overweight, and MASH.

Our Core Product — Efsubaglutide Alfa

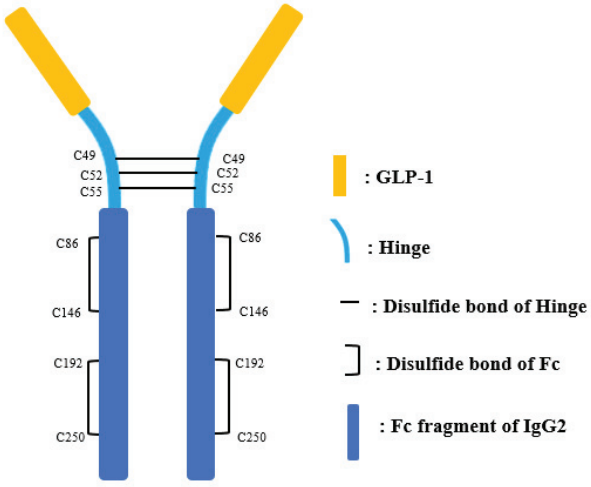
Our Core Product, Efsubaglutide Alfa, is the first domestically developed, humanized, long-acting GLP-1 receptor agonist approved in China. It is a GLP-1 receptor agonist generated by our Recombinant Fusion Protein Platform. GLP-1-based therapy has demonstrated its comprehensive clinical benefits. In addition to its effective, glucose-dependent control of blood sugar levels, GLP-1-based therapy supports weight management and provides significant beneficial effects for the cardiovascular system, liver, kidneys, and central nervous system. The diagram below shows the mechanisms of GLP-1-based therapy acting on various organ systems in the human body.



Comprehensive Clinical Benefits of GLP-1-based Therapy

Source: Company data

Compared to natural GLP-1 peptide, Efsubaglutide Alfa has a dual GLP-1 molecular structure with a unique natural hinge connection and IgG2 Fc segment design, resulting in stronger affinity for the GLP-1 receptor and slower degradation by hydrolytic enzymes and renal filtration in the body. Consequently, it exhibits strong efficacy, long duration of action, and favorable tolerability. Furthermore, Efsubaglutide Alfa is produced in mammalian cell lines with a high humanization ratio, resulting in strong activity and low immunogenicity. The diagram below illustrates the molecular structure of Efsubaglutide Alfa.



Molecular Structure of Efsubaglutide Alfa

Source: Company data

We have been developing Efsubaglutide Alfa for the treatment of T2D and other metabolic diseases, including obesity, overweight and MASH.

- *T2D*. We have conducted two pivotal Phase IIb/III clinical trials of Efsubaglutide Alfa both as a monotherapy in patients with T2D who have inadequate glycemic control after diet and exercise interventions, and in combination with metformin in patients with T2D who have inadequate glycemic control after treatment with metformin. Our BLAs for both therapies were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025.

- *Obesity and overweight*. We obtained IND approval from the NMPA to commence a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China in July 2023. We initiated this clinical trial in March 2024, and completed this trial in November 2024. We initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China in March 2025 and expect to complete this trial in the fourth quarter of 2026.

- *MASH.* We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

We have been developing Efsubaglutide Alfa in-house, and own the global rights to research, develop and commercialize Efsubaglutide Alfa for all indications. As of the Latest Practicable Date, with respect to Efsubaglutide Alfa and its underlying technologies, we owned (a) three granted patents, including one in the PRC and two in the U.S., and (b) 37 patent applications, including five in the PRC, one in the U.S., one PCT patent application that may enter various contracting states in the future and 30 in other jurisdictions.

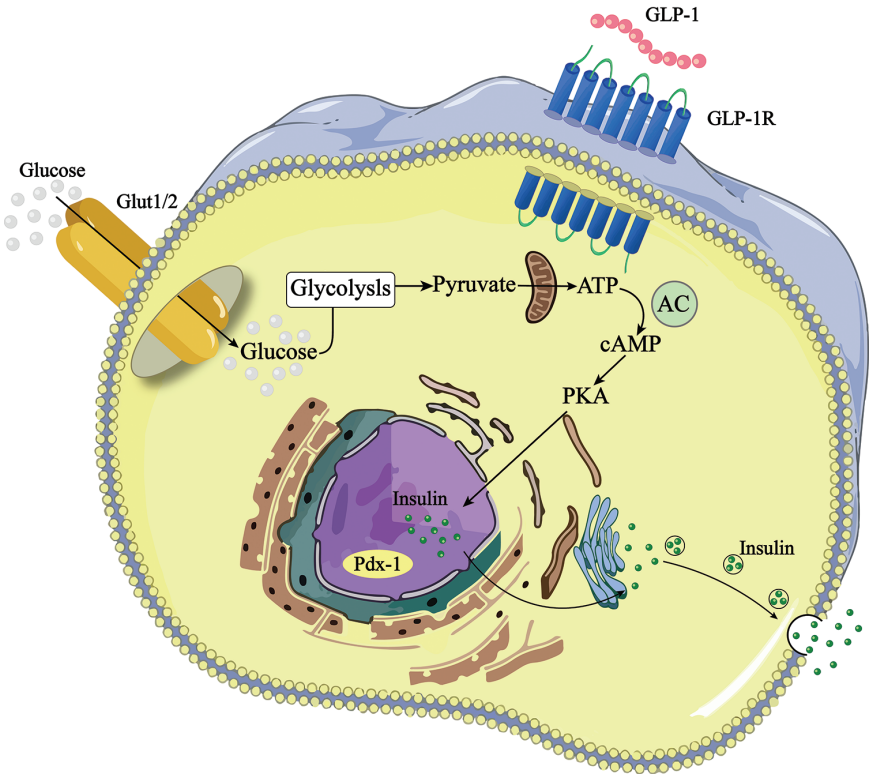
Efsubaglutide Alfa for the Treatment of T2D

We have developed Efsubaglutide Alfa both as a monotherapy and in combination with metformin for the treatment of T2D. Clinical data demonstrated that Efsubaglutide Alfa has fast action, strong and sustained efficacy, distinguished longer half-life and favorable safety profile.

Our BLAs for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for T2D were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025. Along with the commercialization, we plan to conduct post-marketing clinical studies and real-world studies for the treatment of T2D to accumulate long-term real-world efficacy and safety data.

Mechanism of Action

As a GLP-1 receptor agonist, Efsubaglutide Alfa binds to the GLP-1 receptors on pancreatic β-cells and initiates a signaling cascade that involves activation of membrane-bound adenyl cyclase (AC) and the consequent production of cyclic adenosine monophosphate (cAMP). The elevation in cytosol cAMP leads to downstream activation of protein kinase A (PKA) and exchange protein directly activated by cAMP pathways that stimulates the insulin secretion from pancreatic β-cells in a glucose concentration-dependent manner, thereby reducing blood glucose levels. The diagram below illustrates the glucose-dependent mechanism by which Efsubaglutide Alfa exerts its glucose-lowering effects.



The Glucose-lowering Mechanism of Efsubaglutide Alfa

Source: Company data

Apart from pancreatic β-cells, GLP-1 receptors are also widely expressed on multiple organ, tissues or cells, including, heart cells, kidney and liver cells and gastrointestinal tract, and brain cells, providing a mechanistic foundation of variety of biological action of GLP-1, such as inhibition of glucagon (a hormone that raises blood glucose levels) secretion, slowing gastric emptying, and reducing food intake, contributing to multiple organ beneficial effects in addition to glucose-concentration dependent blood glucose-lowing effects.

Market Opportunities and Competition

(1) Overview of Diabetes and T2D

Diabetes is a group of metabolic diseases characterized by high blood sugar levels (hyperglycemia), which occur as a result of defects in insulin secretion and/or action. Chronic hyperglycemia may lead to long-term serious damage and dysfunction in various organs, particularly eyes, kidneys, nerves, heart, and blood vessels. T2D is the most common form of diabetes that occurs as a result of insulin resistance and a gradual decline in insulin production. In 2023, T2D accounted for approximately 93.2% of all diabetes cases globally.

(2) Current treatments for T2D and market opportunities of GLP-1 receptor agonists

Despite the availability of insulin injection and other anti-diabetic drugs, there still remains significant unmet clinical needs. Insulin and other current diabetes treatments have limited effects on preventing and alleviating diabetic complications, the major causes of patient death. These complications include serious damages to various blood vessels, capillaries and related organs, including heart, kidney, liver, and nervous system, and pose a serious threat to the health of patients receiving insulin therapy. In contrast, GLP-1-based therapy can prevent and alleviate the life-threatening diabetic complications, offering a more comprehensive solution to diabetes management. In addition to its effective, glucose-dependent control of blood sugar levels, GLP-1-based therapy supports weight management and provides significant beneficial effects for the cardiovascular system, liver, kidneys, and central nervous system.

Insulin therapy comes with side effects, including the life-threatening hypoglycemia (low blood sugar), weight gain which accelerates the disease progression, and insulin resistance. On the contrary, numerous clinical studies have demonstrated that GLP-1-based therapy presents a significantly lower risk of hypoglycemia, promotes weight loss, and improve insulin resistance. These advantages have positioned GLP-1-based therapy as an increasingly preferred treatment for patients with T2D, taking over the dominant position of insulin therapy in the treatment of T2D.

(3) Global and China Diabetes markets

Global market

According to Frost & Sullivan, the global diabetes drug market grew from US$66.1 billion in 2018 to US$99.3 billion in 2024 at a CAGR of 7.0%, and it is estimated to continue growing, reaching US$123.2 billion by 2028 at a CAGR of 5.6% from 2024 to 2028, and US$139.4 billion by 2034 at a CAGR of 5.8% from 2028 to 2034.

Among diabetes drugs, GLP-1 receptor agonists have achieved remarkable market acceptance and grew rapidly. In 2024, GLP-1 drug for diabetes account for 41.1% of total diabetes drug market globally. As clinical applications increase and more GLP-1 products enter the market, the global market share of GLP-1 drug market for diabetes indication will reach 53.3% in 2028. As a result, from 2018 to 2024, the market size of global GLP-1 drug for diabetes increased from USD8.7 billion to USD40.8 billion, with a CAGR of 29.5%. In the future, the market size of global GLP-1 drug for diabetes will continue to grow steadily, and it is expected to reach USD65.6 billion in 2028, with a CAGR of 12.6%.

China market

According to Frost & Sullivan, the diabetes drug market in China grew from RMB57.3 billion in 2018 to RMB71.2 billion in 2024 at a CAGR of 3.7%. The market is projected to continue expanding, reaching RMB97.9 billion by 2028 at a CAGR of 8.3% from 2024 to 2028, and RMB146.4 billion by 2034 at a CAGR of 4.8% from 2028 to 2034.

Compared to global market, GLP-1 drug market in China is still emerging and underpenetrated, presenting significant growth potential. The GLP-1 diabetes drug market represented only 14.2% of the diabetes drug market in China in 2024 in terms of market size. With more and more GLP-1-based drugs entering into the market and the expansion of their diverse clinical applications, their market share for diabetes in China is expected to grow to 44.6% by 2028 and 58.0% by 2034. Furthermore, the GLP-1 diabetes drug market in China significant increased from RMB0.7 billion in 2018 to RMB10.1 billion in 2024, representing a CAGR of 55.5%, and it is projected to continue growing rapidly, reaching RMB43.7 billion by 2028 at a CAGR of 44.1% from 2023 to 2028, and RMB84.8 billion by 2034 at a CAGR of 11.7% from 2028 to 2034.

(4) Competitive landscape

As of the Latest Practicable Date, a total of 11 GLP-1 receptor agonist drugs were approved globally (including China) for the treatment of diabetes, of which four are humanized, long-acting GLP-1 receptor agonists, according to Frost & Sullivan. In 2024, the market share of these three humanized, long-acting GLP-1 receptor agonists, namely dulaglutide, semaglutide and tirzepatide, accounted for 83% of the global GLP-1 diabetes drug market.

Competitive Advantages

(1) Fast action, strong and sustained efficacy

Phase III clinical data demonstrated that Efsubaglutide Alfa has fast action. With first four-week treatment, patients with T2D receiving Efsubaglutide Alfa monotherapy (3.0 mg) experienced a 1.1% reduction in HbA1c levels.

Efsubaglutide Alfa also demonstrated outstanding glucose-lowering effects. In a randomized double-blind placebo control Phase III clinical trial, Efsubaglutide Alfa monotherapy with 1.0 mg and 3.0 mg dosing resulted in a statistically and clinically significant reduction in HbA1c of 1.7% and 2.2%, respectively, from their baselines at week 24.

Furthermore, Efsubaglutide Alfa demonstrated its sustained efficacy in treating patients with T2D. It improves T2D patients' pancreatic cell function and achieves diabetes remission. According to an investigator-initiated study performed by an independent third party institution, over 40% of the patients after 52-week Efsubaglutide Alfa treatment remained in remission without the continued use of Efsubaglutide Alfa or other glucose-lowering medications within one year after Efsubaglutide Alfa treatment.

(2) Distinguished longer half-life

Efsubaglutide Alfa exhibited a distinguished longer average half-life of 204 hours. The long-acting effect of Efsubaglutide Alfa potentially enables less frequent administration and improves patient adherence for long-term disease management. We have launched Efsubaglutide Alfa as a weekly dosage. To verify Efsubaglutide Alfa's biweekly dosing administration regimen, we are conducting an exploratory, multi-center, randomized, controlled clinical study in China to compare the effect of Efsubaglutide Alfa injection with biweekly administration in patients with T2D. This trial was initiated in November 2024, and is expected to be completed in the first half of 2025.

(3) Favorable safety profile

Clinical data has demonstrated a favorable safety profile for Efsubaglutide Alfa, making it well-suited for patients' long-term disease management. No cases of drug related level 2 or higher hypoglycemia were observed in its trials. In its clinical trials, Efsubaglutide Alfa treatment reported few cases of nausea and vomiting, the common adverse events of GLP-1 receptor agonists. In addition, compared to other GLP-1 receptor agonists, no new risk of adverse events was found in its trials.

(4) Improved patient adherence

Leveraging its favorable safety profile, Efsubaglutide Alfa allows for single injection of selected dose with disposable auto-injector without dosing titration (i.e., the gradual increase of the dosage), distinguishing it from most of the marketed GLP-1 receptor agonists globally that require dosing titration steps. This eliminates the need for dosage adjustments, offering greater convenience for patients and potentially enhancing treatment adherence.

Furthermore, an ergonomic "one-step" automatic injection pen is designed for the injection of Efsubaglutide Alfa. Patients only need to "remove the cap and press" the injection pen, which is convenient for them to use.

(5) Cardiovascular benefits

Cardiovascular disease, the most common complication for patients with diabetes, is the leading cause of death in these patients. Studies have shown that GLP-1 exerts cardioprotective actions, including preserving cardiomyocyte and endothelial cell viability, reducing infarct size and ameliorating myocardial infarction and heart failure.

Efsubaglutide Alfa has been clinically proven to offer cardiovascular benefits. In our Phase III clinical trials of Efsubaglutide Alfa for T2D, Efsubaglutide Alfa both as a monotherapy and in combination with metformin reduced blood pressure from baseline. This significant reduction in blood pressure lowers the risk of hypertension in patients with T2D, which in turn reduces their risk of heart attack, heart failure, and stroke.

Efsubaglutide Alfa also led to significant improvements in cardiometabolic risk markers compared to placebo. This included greater reductions in waist circumference, BMI and enhancements in various lipid parameters. Our findings align with recent reports from other trials of Semaglutide in patients with T2D, which showed improvements in cardiometabolic risk markers and reductions in cardiovascular risk compared to placebo in pivotal trials with cardiovascular outcomes. Collectively, GLP-1 receptor agonists, including Efsubaglutide Alfa, offer additional cardiovascular protective benefits, potentially reducing the risk of major adverse cardiovascular events.

For cardiovascular disease risk assessment, low-density lipoprotein cholesterol (LDL-C) and total cholesterol (TC) are key parameters. In our Phase III clinical trial, patients treated with Efsubaglutide Alfa experienced a significant reduction in both LDL-C and TC levels, with average decreases of 0.27 mmol/L for LDL-C and 0.38 mmol/L for TC at the 1 mg dose.

In addition, in our Phase IIb/III clinical trials of Efsubaglutide Alfa for T2DM, 3.0 mg of Efsubaglutide Alfa as an add-on to metformin reduced blood pressure by an average of 4.09 mmHg from baseline. This significant reduction in blood pressure lowers the risk of hypertension in patients with type 2 diabetes, which, in turn, reduces their risk of heart attack, heart failure, and stroke.

Summary of Clinical Trial Results

Pivotal clinical trial of Efsubaglutide Alfa monotherapy for T2D

We initiated a multi-center, randomized, double-blind, placebo-controlled pivotal Phase IIb/III clinical trial of Efsubaglutide Alfa injection in T2D patients with inadequate glycemic control after diet and exercise interventions in China in August 2021. We completed this Phase IIb/III clinical trial in June 2023.

Trial design

This trial consisted of a Phase IIb clinical trial and a Phase III clinical trial.

The primary objective of the Phase IIb clinical trial was to explore and determine the recommended Phase 3 doses (RP3D) for the Phase III clinical trial. During the Phase IIb clinical trial, subjects were randomly assigned to receive Efsubaglutide Alfa at 1.0mg, 2.0mg, or 3.0mg or placebo over a 12-week period. Upon the completion of the Phase IIb clinical trial,

the low and high RP3D were determined to be 1.0 mg and 3.0 mg. The efficacy data from Phase IIb was only used to guide RP3D selection and was not included in the statistical analysis of efficacy for the Phase III clinical trial.

The Phase III clinical trial focused on assessing the safety and confirming the efficacy of Efsubaglutide Alfa. The primary objectives of this trial were to evaluate the change in HbA1c levels from baseline after the 24-week double-blind administration of Efsubaglutide Alfa compared to placebo and the safety profile of Efsubaglutide Alfa. This Phase III clinical trial consisted of a 24-week double-blind treatment period and a subsequent 28-week open-label treatment period. Subjects were randomly assigned to receive Efsubaglutide Alfa at 1.0 mg or 3.0 mg, or placebo.

We adopted an adaptive trial design to seamlessly enroll patients for the Phase IIb clinical trial and Phase III clinical trial. The inclusion criteria for patients with T2D in both Phase IIb and Phase III clinical trials include: HbA1c levels between 7.5% and 10.5%, fasting plasma glucose (FPG) levels below 13.9 mmol/L, body mass index (BMI) between 18.5 kg/m^2 and 40 kg/m^2, no use of dipeptidyl peptidase-4 (DPP-4) inhibitors and/or GLP-1 receptor agonists within the past three months, and receiving no more than 14 consecutive days of insulin therapy in the past year.

We enrolled a total of 547 subjects for this trial.

Trial status

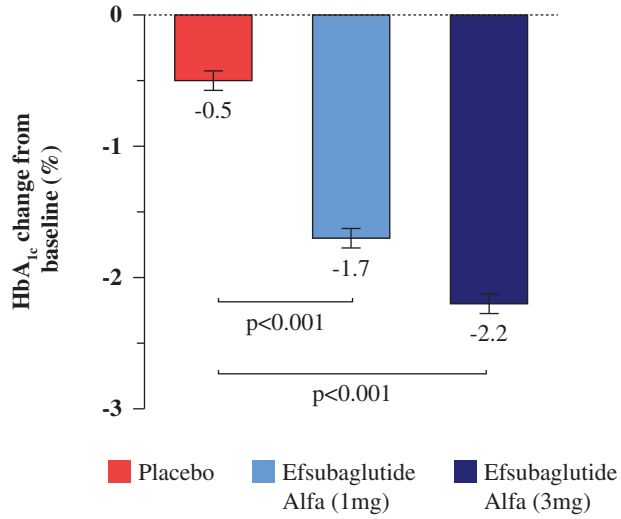
We initiated this Phase IIb/III clinical trial in August 2021, and concluded the Phase IIb clinical trial, the 24-week double-blind treatment period of the Phase III clinical trial, and the 28-week open-label treatment period of the Phase III clinical trial in April 2022, November 2022, and June 2023, respectively.

Efficacy results

o ***Efficacy results from the double-blind treatment period of the Phase III clinical trial***

The primary efficacy objective of the Phase III clinical trial was to evaluate the change in HbA1c levels from baseline after the 24-week double-blind treatment. Clinical data demonstrated Efsubaglutide Alfa's fast action and strong efficacy. With only first four-week treatment of Efsubaglutide Alfa monotherapy (3.0 mg), patients with T2D experienced a 1.1% reduction in HbA1c levels.

As illustrated in the following diagram, after 24-week treatment of Efsubaglutide Alfa during the double-blind treatment period, patients with T2D experienced a significant reduction in their HbA1c levels in a dose-dependent fashion. The reduction in HbA1c levels for patients with T2D was 1.7% and 2.2% in the 1.0 mg and 3.0 mg dosage groups, respectively.



Reduction in HbA1c levels after 24 weeks of Efsubaglutide Alfa treatment

Source: Company data

Safety results

o Safety results from the double-blind treatment period of the Phase III clinical trial

Efsubaglutide Alfa is safe and well-tolerated during long-term treatment. In the double-blind treatment period of the Phase III clinical trial, Efsubaglutide Alfa demonstrated a favorable safety profile across all dosage groups with no severe treatment emergent adverse events (TEAEs) beyond Grade 3 reported. In particular, no drug related level 2 or higher hypoglycemia were reported.

The common TEAEs observed in the double-blind treatment period are gastrointestinal symptoms, most of which were mild to moderate in severity and were decreased rapidly after the first two weeks of treatment without lasting effects.

According to Frost & Sullivan, the most common TEAEs that led to the discontinuation of treatment of GLP-1 receptor agonists are vomiting, nausea and constipation. During the double-blind treatment period, only 4.2%, 3.4%, 2.5% of the patients in the 1.0 mg Efsubaglutide Alfa group, and only 6.8%, 6.8%, 5.1% of the patients in the 3.0 mg Efsubaglutide Alfa group experienced vomiting, nausea, and constipation, respectively.

Pivotal clinical trial of Efsubaglutide Alfa in combination with metformin for T2D

We initiated a multi-center, randomized, double-blind, placebo-controlled pivotal Phase IIb/III clinical trial of Efsubaglutide Alfa in combination with metformin in T2D patients with inadequate glycemic control after metformin treatment in China in August 2021. We completed this Phase IIb/III clinical trial in June 2023.

Trial design

This trial consisted of a Phase IIb clinical trial and a Phase III clinical trial. The primary objective of the Phase IIb clinical trial was to explore and determine the RP3D for the Phase III clinical trial. During the Phase IIb clinical trial, subjects were randomly assigned to receive Efsubaglutide Alfa at 1.0 mg or 3.0 mg, or placebo over a 12-week period, while continuing their pre-enrollment metformin dosage. Upon completion of the Phase IIb clinical trial, the RP3D was determined to be 3.0 mg. The efficacy data from Phase IIb was only used to guide RP3D selection and was not included in the statistical analysis of efficacy for the Phase III clinical trial.

The Phase III clinical trial focused on assessing the safety and confirming the efficacy of Efsubaglutide Alfa. The primary objective of this trial was to evaluate the change in HbA1c levels from baseline after the 24-week double-blind administration of Efsubaglutide Alfa in combination with metformin compared to metformin monotherapy with placebo and the safety profile of Efsubaglutide Alfa. This Phase III clinical trial consisted of a 24-week double-blind treatment period and a subsequent 28-week open-label treatment period. Subjects were assigned randomly to receive weekly subcutaneous injections of 3.0 mg of Efsubaglutide Alfa or placebo, while continuing their pre-enrollment metformin dosage.

We adopted an adaptive trial design to seamlessly enroll patients for the Phase IIb clinical trial and Phase III clinical trial. The inclusion criteria for both the Phase IIb and Phase III clinical trials are: T2DM patients currently receiving metformin monotherapy with HbA1c levels between 7.5% and 10.5%, FPG levels below 13.9 mmol/L, and a BMI between 18.5 kg/m^2 and 40 kg/m^2, no use of DPP-4 inhibitors and/or GLP-1 receptor agonists within the past three months, and receiving no more than 14 consecutive days of insulin therapy in the past year.

We enrolled a total of 620 subjects for this trial.

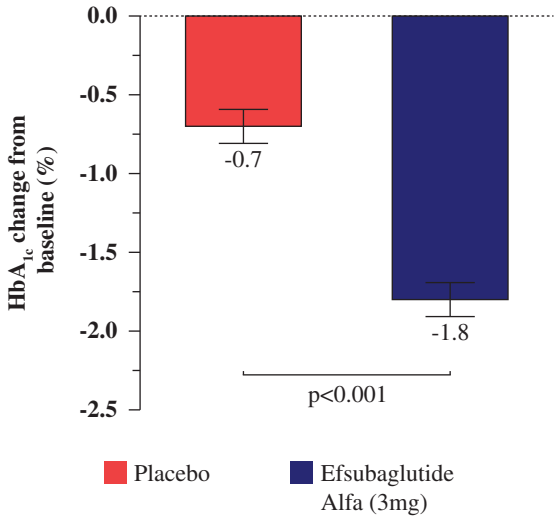
Trial status

We initiated this Phase IIb/III clinical trial in August 2021, and concluded the Phase IIb stage, the 24-week double-blind treatment period of the Phase III stage, and the 28-week open-label treatment period of the Phase III stage in April 2022, November 2022, and June 2023, respectively.

Efficacy results

o *Efficacy results from the double-blind treatment period of the Phase III stage*

The primary efficacy endpoint of this trial is the change in HbA1c levels from baseline after the double-blind administration of Efsubaglutide Alfa in combination with metformin compared to metformin monotherapy with placebo. As illustrated in the following diagram, the efficacy results from the double-blind treatment period of the Phase III stage demonstrate that Efsubaglutide Alfa, when used in combination with metformin, significantly reduces HbA1c levels in patients with T2D. Treatment of 3.0 mg of Efsubaglutide Alfa in combination with metformin over 24 weeks resulted in a reduction in HbA1c levels of 1.8%.



Reduction in HbA1c levels after 24 weeks of Efsubaglutide Alfa in combination with metformin

Source: Company data

Safety results

o *Safety results from the double-blind treatment period of the Phase III clinical trial*

In the double-blind treatment period of the Phase III clinical trial, Efsubaglutide Alfa in combination with metformin demonstrated a favorable safety profile with no severe treatment-related adverse events (TRAEs) reported. In particular, no drug related level 2 or higher hypoglycemia were reported.

The common TEAEs observed in the double-blind treatment period are gastrointestinal symptoms, most of which were mild to moderate in severity and were decreased rapidly after the first two weeks of treatment without lasting effects.

According to Frost & Sullivan, the most common TEAEs that led to the discontinuation of treatment of GLP-1 receptor agonists are vomiting, nausea and constipation. During the double-blind treatment period, 9.9%, 7.6%, 3.5% of the patients in the 3.0 mg Efsubaglutide Alfa group experienced vomiting, nausea, and constipation, respectively.

Phase IIa clinical trial of Efsubaglutide Alfa for T2D

We initiated a randomized, double-blind, placebo-controlled Phase IIa clinical study on the safety, efficacy, pharmacokinetics, and pharmacodynamics of repeated subcutaneous injections of Efsubaglutide Alfa in patients with T2D in China in September 2019. We completed this trial in March 2021.

The primary objective of this Phase IIa clinical trial was to evaluate the safety and tolerability of repeated doses of Efsubaglutide Alfa in patients with T2D. Participants were divided into four groups receiving 1.0 mg, 2.0 mg, 3.0 mg, and 4.0 mg doses of Efsubaglutide Alfa, and corresponding placebo groups.

This Phase IIa clinical trial enrolled 40 patients with T2D who had not received metformin treatment for at least the past week and had not been treated with any other oral hypoglycemic agents for at least the past two weeks.

Efficacy results

In this Phase IIa clinical trial, Efsubaglutide Alfa demonstrated efficacy on reduction in FPG and Hb1Ac levels in patients with T2D across different dosage groups (1.0 mg, 2.0 mg, 3.0 mg, and 4.0 mg). Compared to placebo, repeated subcutaneous injections of Efsubaglutide Alfa resulted in clinically significant reduction in fasting plasma glucose levels, with statistical significance observed across all dosage groups.

Safety results

In this Phase IIa clinical trial, Efsubaglutide Alfa demonstrated a favorable safety profile across all dosage groups. The common AEs are mild to moderate gastrointestinal symptoms, which were decreased gradually with the Efsubaglutide Alfa treatment. No SAE was reported in this trial. There was no clear trend indicating that the severity of TEAEs increased with higher doses, demonstrating the favorable safety profile of Efsubaglutide Alfa.

Phase I clinical trial of Efsubaglutide Alfa in healthy volunteers

We initiated a randomized, double-blind, placebo-controlled, single-dose, dose-escalation Phase I clinical trial of Efsubaglutide Alfa in healthy subjects in November 2018. We completed this trial in December 2019. This Phase I clinical trial of Efsubaglutide Alfa in healthy subjects serves as the foundation for its subsequent clinical development of Efsubaglutide Alfa not only for T2D, but also for obesity and overweight, and MASH.

The primary objectives of this Phase I clinical trial were to evaluate the tolerability and safety of a single subcutaneous injection of Efsubaglutide Alfa at escalated doses, ranging from 0.375 mg to 9.0 mg in healthy volunteers, and to assess its pharmacokinetic characteristics. The results indicated that Efsubaglutide Alfa exhibited linear pharmacokinetics in healthy subjects over a single dose range of 0.375 mg to 9.0 mg.

Efsubaglutide Alfa demonstrated a favorable safety profile across all dosage groups. A total of 48 participants received either a single dose of Efsubaglutide Alfa or a placebo. No SAE was reported during the trial. The occurrence of TEAEs did not show any dose-related trend. There were no discontinuation of the treatment or withdrawal from the trial due to AEs.

In addition to single dose-escalation studies in healthy subjects, we investigated repeated dose-escalation of Efsubaglutide Alfa in obese patients escalating from 1.0 mg to 20.0 mg, indicating favorable safety and tolerability of Efsubaglutide Alfa. See "— Our Drug Candidates — Our Core Product — Efsubaglutide Alfa — Efsubaglutide Alfa for the Treatment of Obesity and Overweight — Competitive Advantages" for more details.

Ongoing clinical trial to verify Efsubaglutide Alfa's biweekly dosing administration regimen

To verify Efsubaglutide Alfa's biweekly dosing administration regimen, we are conducting an exploratory, multi-center, randomized, controlled clinical study in China to compare the effect of Efsubaglutide Alfa injection at 3mg with biweekly administration in patients with T2D who experience inadequate glycemic control after diet and exercise interventions. This trial was initiated in November 2024, and is expected to be completed in the first half of 2025.

Clinical Development Plan

Our BLAs for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for T2D were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025. Along with the commercialization, we plan to conduct post-marketing clinical studies and real-world studies for the treatment of T2D to accumulate long-term real-world efficacy and safety data.

We also have plans to develop of Efsubaglutide Alfa for the treatment of obesity, overweight and MASH. See "— Our Drug Candidates — Our Core Product — Efsubaglutide Alfa — Efsubaglutide Alfa for the Treatment of Obesity and Overweight" and "— Our Drug Candidates — Our Core Product — Efsubaglutide Alfa — Efsubaglutide Alfa for the Treatment of MASH."

Material Communications

We obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of T2D in June 2018. We initiated a Phase I clinical trial on healthy subjects and a Phase IIa clinical trial for Efsubaglutide Alfa in treating T2D in November 2018 and September 2019, respectively, and completed such trials in December 2019 and March 2021, respectively. We initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa monotherapy for T2D in August 2021 and a Phase IIb/III clinical trial of Efsubaglutide Alfa in combination with metformin for T2D in August 2021, and completed both trials in June 2023.

Our BLAs for Efsubaglutide Alfa both as a monotherapy and in combination with metformin for T2D were accepted by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025.

We had not received any regulatory agency's concerns or objections to our clinical development plans for Efsubaglutide Alfa for the treatment of T2D as of the Latest Practicable Date.

The following table sets forth our material communications with regulatory authorities regarding the development of Efsubaglutide Alfa for the treatment of T2D:

Time	Regulatory authorities	Details
November 2017	NMPA	IND submission
June 2018	NMPA	IND approval
From April 2021 to August 2021	NMPA	Phase IIb/III clinical trials protocol discussion
From May 2023 to August 2023	NMPA	Pre-BLA discussion
June 2024	NMPA	BLA meeting (CMC)
December 2024	NMPA	BLA meeting (Clinical)
January 2025	NMPA	Efsubaglutide Alfa approved for the treatment of T2D both as a monotherapy and in combination with metformin

Efsubaglutide Alfa for the Treatment of Obesity and Overweight

We have been developing Efsubaglutide Alfa for the treatment of obesity and overweight. Our pre-clinical studies indicate that Efsubaglutide Alfa significantly improves lipid profiles and reduces body weight in obese mice. This weight reduction is accompanied by decreased food intake, improved lipid profile and better glycemic control.

We obtained IND approval from the NMPA to commence a Phase IIa clinical trial for this indication in July 2023. We initiated this Phase IIa clinical trial in March 2024, and completed it in November 2024. We initiated a Phase IIb/III clinical trial for this indication in China in March 2025 and expect to complete this trial in the fourth quarter of 2026.

Mechanism of Action

Efsubaglutide Alfa works through the activation of GLP-1 receptors, which decreases the meal ingestion and thereby reduces energy intake. This mechanism aligns with the GLP-1 action of slowing gastric emptying and enhancing the feeling of fullness. Efsubaglutide Alfa also increases energy expenditure through upregulation of uncoupling protein 1 (Ucp1) in inguinal white adipose tissue (WAT, a type of body fat). The appetite suppressing action of Efsubaglutide Alfa is another mechanism of its weight loss efficacy.

Market Opportunities and Competition

(1) Overview of obesity and overweight

Obesity and overweight are risk factors for a range of chronic diseases and can also lead to various social and psychological challenges. According to Frost & Sullivan, in 2020, the global economic cost of these conditions was estimated at US$1.96 trillion, representing 2.9% of global GDP. This figure is projected to rise to US$4 trillion by 2035. In China, the burden of overweight and obesity is also substantial. In 2021, medical costs related to these conditions exceeded RMB200 billion in China, accounting for 21.5% of the country's total medical expenses. Projection suggests that this figure will further rise to RMB418 billion by 2030. The number of obesity and overweight patients globally has grown from 2,142.4 million in 2018 to 2,612.5 million in 2024 at a CAGR of 3.4% and is expected to reach 2,917.4 million by 2028 and 3,394.7 million by 2034. In China, the number of obesity and overweight patients has increased from 531.8 million in 2018 to 640.5 million in 2024 at a CAGR of 3.1% and is projected to reach 717.0 million by 2028 and 840.3 million by 2034.

(2) Current treatments for obesity and market opportunities for GLP-1 receptor agonists

Currently, the treatment for overweight and obesity focuses on reducing and maintaining body weight, as well as managing any associated diseases and complications. A differentiated approach is typically used, depending on the degree of obesity. For patients who are overweight but do not have obesity-related conditions, weight control is primarily achieved through lifestyle interventions such as diet and exercise. For patients whose health condition process from overweight to obese, medication may be added alongside with lifestyle interventions to support weight loss. Surgery is considered a last resort, which is used for patients who are extremely obese and have no effective responses to other treatments.

In China, however, treatment options are more limited. Before the first GLP-1 receptor agonist was approved in China for the treatment of overweight and obesity in June 2023, orlistat was the only drug approved by the NMPA for overweight and obesity treatment, and it is only approved for adults. Orlistat is a selective inhibitor that reduces the amount of fat the body takes in from the food, therefore leading to weight loss. However, for individuals who consume a diet high in carbohydrates or low in fats the effectiveness of Orlistat is compromised. Orlistat may also lead to certain gastrointestinal side effects, including increased gastrointestinal gas, fatty stools, and steatorrhea. Other weight loss products in the market include health supplements, meal replacements, and weight loss teas, as well as invasive options like intragastric balloons not yet widely accepted. In light of the limitations of current treatment regime, GLP-1 receptor agonist has great potential to address the substantial unmet clinical demands.

(3) Global and China obesity and overweight drug markets

Global market

The obesity and overweight drug market globally grew from US$1.0 billion in 2018 to US$16.9 billion in 2024 at a CAGR of 60.6%, and it is estimated that the market will continue to grow to US$36.9 billion in 2028 and US$57.7 billion in 2034, at a CAGR of 21.5% from 2024 to 2028 and 7.7% from 2028 to 2034, respectively.

In 2024, GLP-1 receptor agonists accounted for 86.6% of total obesity/overweight drug market globally. As clinical applications increase and more GLP-1 receptor agonists entering the market, its global market share for obesity and overweight is expected to reach 91.5% by 2028.

From 2018 to 2024, global GLP-1 overweight and obesity drug market increased from US$0.6 billion to US$14.7 billion at a CAGR of 69.8%, and it is expected to continue growing steadily, reaching US$33.8 billion in 2028 at a CAGR of 23.2% from 2024 to 2028, and US$51.4 billion in 2034 at a CAGR of 8.2% from 2028 to 2034.

China market

The obesity and overweight drug market in China grew from RMB0.5 billion in 2018 to RMB4.2 billion in 2024 at a CAGR of 43.5%, and it is estimated that the market will continue to grow to RMB21.7 billion in 2028 and RMB81.7 billion in 2034, at a CAGR of 50.8% from 2024 to 2028 and 24.7% from 2028 to 2034, respectively.

The first GLP-1 drug for obesity and overweight was approved in China in 2023. Since then, the market size of GLP-1 drug for obesity and overweight in China has been increasing. In 2024, GLP-1 receptor agonists accounted for 9.1% of total obesity and overweight drug market in China. As clinical applications increase and more GLP-1 receptor agonists entering the market, its market share for obesity/overweight in China is expected to reach 95.3% by 2028.

The market size of GLP-1 receptor agonist for obesity and overweight in China is expected to increase from RMB0.5 billion in 2024 to RMB20.7 billion in 2028 at a CAGR of 171.2%, and further to RMB74.6 billion in 2034, at a CAGR of 23.8% from 2028 to 2034.

(4) Competitive landscape

As of the Latest Practicable Date, there were eight approved innovative drugs for the treatment of overweight and obesity globally (including China), according to Frost & Sullivan. Among these eight approved drugs, two of them are humanized, long-acting GLP-1 receptor agonists, namely Wegovy and Zepbound. As of the same date, there were 44 GLP-1 receptor agonist drug candidates under clinical development for the treatment of overweight and obesity globally (excluding China), of which 20 are humanized, long-acting GLP-1 receptor agonists. The other drug candidates are either animal-derived or short-acting GLP-1 receptor agonists.

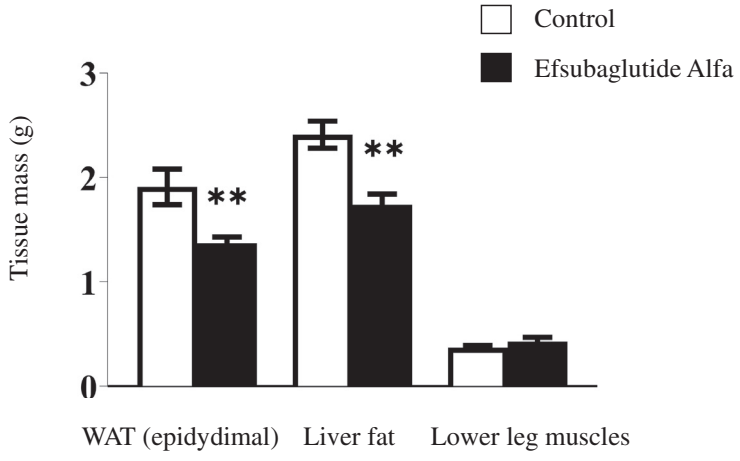
As of the Latest Practicable Date, there were 51 GLP-1 receptor agonist drug candidates under clinical development for the treatment of overweight and obesity in China, of which 22 are humanized, long-acting GLP-1 receptor agonists, according to Frost & Sullivan. The other drug candidates are either animal-derived or short-acting GLP-1 receptor agonists.

Competitive Advantages

(1) Weight loss primarily from body fat reduction instead of muscle loss

Efsubaglutide Alfa resulted in a weight reduction of 7.0% and 5.4% respectively, after four weeks treatment in combination with metformin or digoxin, in non-diabetic subjects.

Our pre-clinical study of Efsubaglutide Alfa showed that its body weight reduction effects were associated with a significant decrease in white adipose tissue (WAT) and liver fat without loss of the muscle mass, as illustrated in the figure below.



Efsubaglutide Alfa Reduced Fats while Preserving Muscles

Source: Wan Y, Bao X, Huang J, Zhang X, Liu W, Cui Q, Jiang D, Wang Z, Liu R and Wang Q (2017) Novel GLP-1 Analog Supaglutide Reduces HFD-Induced Obesity Associated with Increased Ucp-1 in White Adipose Tissue in Mice. Front. Physiol. 8:294. doi: 10.3389/fphys.2017.00294; Company data

(2) Potential favorable safety profile and broad dosage window for diverse weight loss needs

In our completed Phase IIa clinical trial of Efsubaglutide Alfa for obesity and overweight in China, we explored the dosage escalating from 1.0 mg to 20.0 mg, demonstrating the wide therapeutic window of Efsubaglutide Alfa. A wide therapeutic window indicates that Efsubaglutide Alfa remains effective across a broad range of doses while maintaining favorable safety profile.

Summary of Clinical Trial Results

(1) Phase IIa clinical trial

We obtained IND approval from the NMPA for a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in July 2023. We initiated this Phase IIa clinical trial in March 2024 and completed this trial in November 2024.

The primary objective of this Phase IIa clinical trial is to evaluate the safety and tolerability of multiple doses of Efsubaglutide Alfa injection in overweight and obese subjects who have not achieved adequate weight control through diet and exercise interventions. The secondary objectives include (i) assessing the PK and PD of multiple doses of Efsubaglutide Alfa, its immunogenicity characteristics, and the correlation between pharmacokinetic and pharmacodynamic in this population, and (ii) evaluating the exposure-response relationship of different doses of Efsubaglutide Alfa in these subjects.

This Phase IIa clinical trial consists of five dosage groups, with 10 subjects in each group, receiving 5.0 mg, 7.5 mg, 10.0 mg, 15.0 mg, and 20.0 mg of Efsubaglutide Alfa or placebo. We have enrolled a total of 50 patients in this trial.

In each dosage group, subjects gradually increased the injection dose of Efsubaglutide Alfa or placebo according to the study protocol. After reaching the target dose in each group, subjects continued to receive 5.0 mg, 7.5 mg, 10.0 mg, 15.0 mg, or 20.0 mg of Efsubaglutide Alfa or placebo for four weeks. The mean percentage of weight reduction from baseline after four weeks receiving the target dose in 20.0 mg Efsubaglutide Alfa dosage group reached 8.13%. In contrast, this percentage of reduction in placebo group was 0.79%.

The proportion of subjects with a weight reduction of more than 5% in the 20.0 mg Efsubaglutide Alfa dosage group were 87.5%, while none of the subjects in the placebo group achieved this level of weight reduction.

The treatment also resulted in a significant reduction in fat mass. The mean percentage decrease in body fat for subjects in the 20.0 mg Efsubaglutide Alfa dosage group was 2.29%, corresponding to a reduction in total body fat of 5.21 kg. In contrast, the placebo group had a body fat percentage reduction of only 0.06%, with a total body fat reduction of just 0.24 kg.

Efsubaglutide Alfa was generally well tolerated in overweight and obese subjects. Most of the AEs in the Efsubaglutide Alfa group were mild to moderate gastrointestinal issues. There were no SAEs, or cases of hyperglycemia reported during the trial.

(2) Drug-to-drug interaction trial

We initiated a single-center, open-label, fixed-sequence clinical study conducted in healthy subjects to evaluate the pharmacokinetic effects of Efsubaglutide Alfa on digoxin tablets or metformin hydrochloride tablets in March 2023 and completed this trial in June 2023. In this trial, Efsubaglutide Alfa resulted in a weight reduction of 7.0% and 5.4% respectively, after four weeks treatment in combination with metformin or digoxin, in non-diabetic subjects.

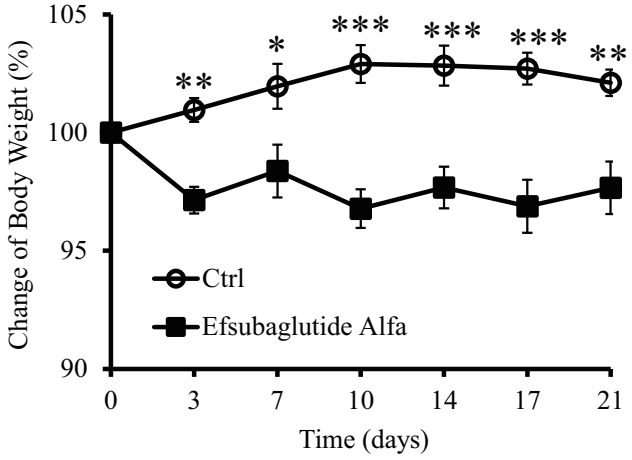
Clinical Development Plan

After the completion of the Phase IIa clinical trial, we initiated a Phase IIb/III clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in China in March 2025 and expect to complete this trial in the fourth quarter of 2026.

Nonclinical Studies

We investigated the effects of Efsubaglutide Alfa in regulating energy homeostasis in obese mice. Mice were fed with high-fat diet for 6 months to induce obesity and then subjected to Efsubaglutide Alfa treatment (300μg/kg, twice weekly for 4 weeks), and placebo as control. Metabolic conditions were monitored, and energy expenditure was assessed by indirect calorimetry.

Our data showed that Efsubaglutide Alfa treatment significantly reduced body weight in the diet-induced obese mice compared to the placebo, with the degree of weight reduction showing statistical significance.



Efsubaglutide Alfa treatment significant reduced body weight in obese mice

Source: Company data

Material Communications

We obtained IND approval from the NMPA for a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in July 2023. We initiated this Phase IIa clinical trial in March 2024 and completed this trial in November 2024. We had not received any regulatory agency's concerns or objections to our clinical development plans for Efsubaglutide Alfa for the treatment of obesity as of the Latest Practicable Date.

The following table sets forth our material communications with regulatory authorities regarding the development of Efsubaglutide Alfa for the treatment of obesity and overweight:

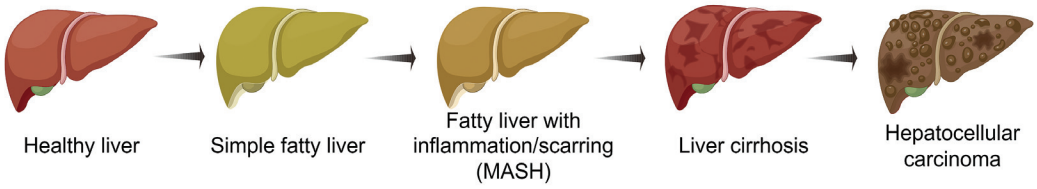
Time	Regulatory authorities	Details
May 2023	NMPA	IND submission
July 2023	NMPA	IND approval

Efsubaglutide Alfa for the Treatment of MASH

We have been developing Efsubaglutide Alfa for the treatment of MASH. We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026.

Mechanism of Action

Metabolic dysfunction-associated fatty liver disease (MAFLD) is a prevalent metabolic disorder characterized by the accumulation of excessive fat in the liver. MAFLD encompasses a spectrum of liver conditions, ranging from simple fatty liver to MASH, which can progress to cirrhosis, and even hepatocellular carcinoma.



The Progression of MAFLD

Source: Company data

Nonclinical studies demonstrated that Efsubaglutide Alfa significantly decreased the hepatic fat accumulation and alleviated histological steatosis without worsening of fibrosis. It also exerted beneficial effects on liver metabolism and metabolic parameters, including improvement of lipid profile, i.e., significantly decreased circulating total cholesterol levels, declined serum triglyceride, and free fatty acid levels. The treatment also significantly reduced fatty liver, decreased liver triglyceride content, and concomitantly ameliorated liver injury exemplified by declined hepatic alanine aminotransferase (ALT) and aspartic transaminase (AST) content. Furthermore, by improving glucose tolerance and insulin sensitivity, Efsubaglutide Alfa improved the associated conditions including hyperglycemia, hyperlipidemia, and hepatic steatosis. Moreover, the beneficial effect of Efsubaglutide Alfa on metabolic condition was also associated with suppressed food intake and browning remodeling of white adipose tissue.

Market Opportunities and Competition

(1) Overview of MASH

MASH is a serious chronic liver condition caused by inflammation and damage due to the buildup of fat in the liver. It is a more severe form of metabolic associated fatty liver disease (MAFLD). If MASH is left untreated, it can lead to liver scarring (fibrosis), which may progress to permanent scarring (cirrhosis) and even liver cancer.

(2) Current treatments for MASH and market opportunities of GLP-1 receptor agonists

The treatment of MASH can be categorized into lifestyle intervention, drug therapy, and surgical intervention. Due to its complex etiology, the treatment of MASH relies heavily on a multi-mechanistic approach using combination therapy.

As of the Latest Practicable Date, only two drugs were approved for the treatment of MASH globally, including Lipaglyn approved in 2020 in India and Rezdiffra approved in 2024 in the U.S. As of the same date, there were no drugs approved for MASH in China. The available therapies focus on managing symptoms rather than curing the disease, highlighting a significant unmet clinical need.

Ongoing research indicates that GLP-1 receptor agonists can help reduce liver fat buildup, decrease liver cell damage and inflammation, and prevent the progression of fibrosis in patients with MASH. Furthermore, insulin resistance and abnormal lipid levels, among others, are often found in patients with MASH. GLP-1-based therapies have the potential to address these issues.

(3) Global and China MASH markets

The global MASH drug market grew from US$1.9 billion in 2018 to US$3.4 billion in 2024 and is estimated to reach US$16.4 billion by 2028 at a CAGR of 48.3% from 2024 to 2028, and US$53.6 billion by 2034 at a CAGR of 21.9% from 2028 to 2034.

The MASH drug market in China grew from RMB0.6 billion in 2018 to RMB1.3 billion in 2024 at a CAGR of 12.0% and is expected to continue growing steadily to RMB6.5 billion by 2028 at a CAGR of 50.3% from 2024 to 2028, and further to RMB35.8 billion by 2034 at a CAGR of 33.0% from 2028 to 2034.

(4) Competitive landscape

As of the Latest Practicable Date, there were 15 GLP-1 receptor agonist drug candidates under clinical development for the treatment of MASH globally (excluding China), of which nine are humanized, long-acting GLP-1 receptor agonists. The other two are either animal-derived or short-acting GLP-1 receptor agonists.

As of the Latest Practicable Date, there were ten GLP-1 receptor agonist drug candidates under clinical development for the treatment of MASH in China, of which five are humanized, long-acting GLP-1 receptor agonists.

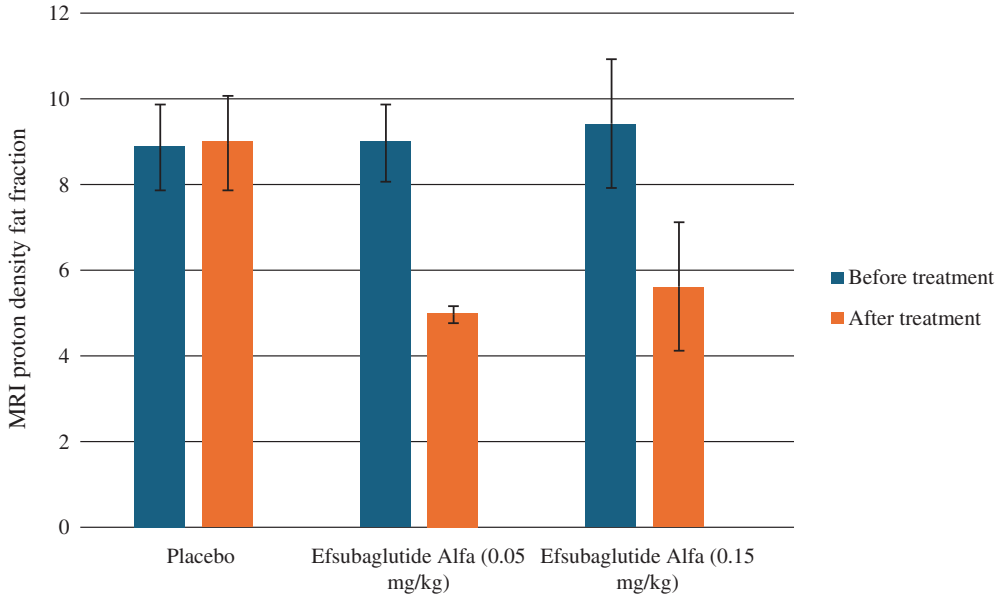
Competitive Advantages

(1) Robust efficacy in pre-clinical studies

We used rhesus monkeys with spontaneous MASH as the subjects for the pre-clinical study evaluating the efficacy of Efsubaglutide Alfa for this disease. These rhesus monkeys had abnormal lipid metabolism for over two years. They had a magnetic resonance imaging (MRI) proton density fat fraction (a measure of liver fat content) between 7.8% and 11.9%, and a Metabolic Dysfunction-Associated Fatty Liver Disease Activity (MAS) Score of 3 or higher, meeting the clinical definition of MASH.

The study included 15 model animals, divided into three groups of five. Each group received weekly injections of either a placebo, 0.05 mg/kg of Efsubaglutide Alfa, or 0.15 mg/kg of Efsubaglutide Alfa for 12 weeks of treatment. Post-treatment evaluations included assessments of body weight, body mass index, food intake, MRI proton density fat fraction, liver fibrosis progression, lipid profile, fructose metabolism, and other biochemical parameters.

The 12-week repeated subcutaneous administration of Efsubaglutide Alfa at investigated doses resulted in a significant reduction in the MRI proton density fat fraction in the livers of the MASH rhesus monkeys.



Efsubaglutide Alfa significantly reduced liver fat in rhesus monkeys with MASH

Pathological examinations from liver biopsies showed a statistically significant decrease in MAS scores. Furthermore, there was alleviation of liver fibrosis without significant progression. The animals remained in good condition throughout the study, with no notable adverse effects observed.

Management of dyslipidemia and dysglycemia is important for the resolution of MASH. In this study, Efsubaglutide Alfa treatment exerted beneficial effects on improving lipid profiles, including lowering total cholesterol (TC), triglycerides (TG), and low-density lipoprotein cholesterol (LDL-C). These results are consistent with our other findings of Efsubaglutide Alfa's pre-clinical studies in animals with metabolic diseases such as T2D and obesity.

Clinical Development Plan

We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also submitted an IND application of Efsubaglutide Alfa for the treatment of MASH to the NMPA in December 2024 and obtained IND approval from the NMPA in March 2025. We plan to initiate a multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026. The prolonged period between the grant of IND approval by the FDA for Efsubaglutide Alfa for MASH and the submission of an IND application to the NMPA for the same indication was mainly due to our plan to focus our clinical resources on the Phase III clinical trials and BLA applications of Efsubaglutide Alfa for T2D, as well as our IND application and the Phase IIa clinical trial of Efsubaglutide Alfa for obesity and overweight after we obtained IND approval from the FDA for Efsubaglutide Alfa for MASH. We plan to launch the Phase IIa clinical trial for MASH simultaneously in China and in the U.S. as a multiregional clinical trial (MRCT) because such a trial design helps streamline regulatory submissions in both jurisdictions, save clinical resources, and reduce R&D costs under a comprehensive clinical study arrangement. Running separate clinical trials in China and the U.S. would have required a larger overall number of patients, making the MRCT a more efficient option.

Material Communications

We had not received any regulatory agency's concerns or objections to our clinical development plans for Efsubaglutide Alfa for the treatment of MASH as of the Latest Practicable Date.

The following table sets forth our material communications with regulatory authorities regarding the development of Efsubaglutide Alfa for the treatment of MASH:

Time	Regulatory authorities	Details
From November 2021 to February 2022	FDA	Pre-IND meetings
February 2023	FDA	IND submission
March 2023	FDA	IND approval
December 2024	NMPA	IND submission
March 2025	NMPA	IND approval

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET EFSUBAGLUTIDE ALFA SUCCESSFULLY.

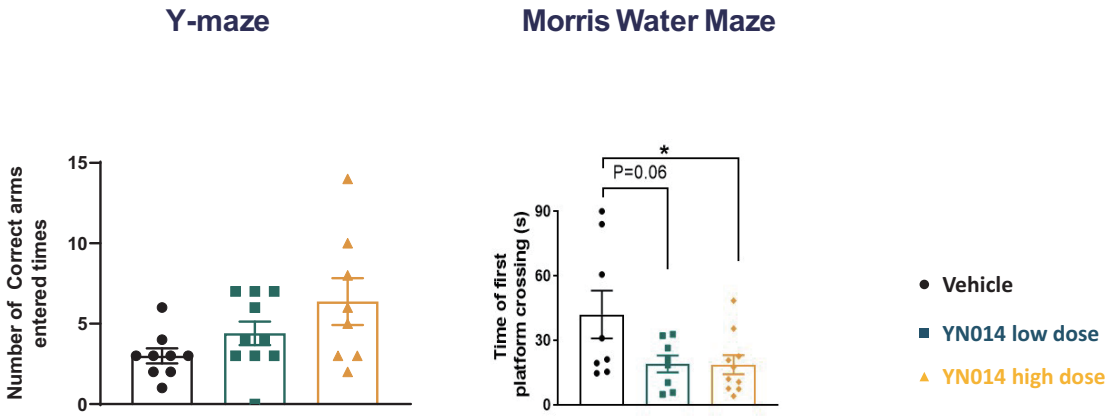
Our IND-Enabling and Pre-clinical Drug Candidates

YN014 for the Treatment of Alzheimer's Disease (AD)

YN014 is a drug candidate for the treatment of AD. This drug candidate utilizes an innovative therapeutic regimen rationalized by the protection of neuron cells while reducing the production and release of beta-amyloid (Aβ), phosphorylated tau protein, proteins that are relevant to the onset of AD, while suppressing the activity of microglial cells causing inflammation in the brain. We have completed all pre-clinical studies for YN014 and are currently preparing for the IND submission. We plan to submit an IND application for YN014 in the first half of 2026.

AD is a progressive neurodegenerative disorder and the leading cause of dementia, accounting for 60-70% of dementia cases worldwide. In China, the number of patients with AD has grown from 11.3 million in 2018 to 14.5 million in 2024, at a CAGR of 4.3%. This figure is projected to reach 16.8 million by 2028 and 20.8 million by 2034. Effective management of AD requires early diagnosis, timely treatment, and lifelong care. Unfortunately, current treatments only offer symptom relief and slow disease progression, and there is no cure. Patients must rely on lifelong medication, underscoring the significant unmet clinical need for more effective therapies.

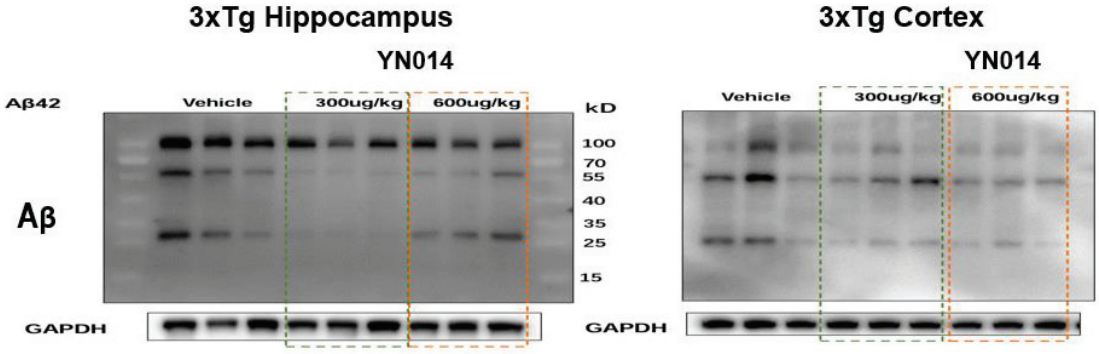
YN014 treatment alleviated cognition impairment and improved memory functions in AD mice. As shown in the following diagram, YN014 showed beneficial effects on cognition and memory in AD mice, as determined and demonstrated in the Y-maze and Morris Water Maze tests, which are standard tests commonly used for assessing spatial memory and learning.



YN014 Improves the Performance of AD Mice in Y-maze and Morris Water Maze Tests

Source: Company data

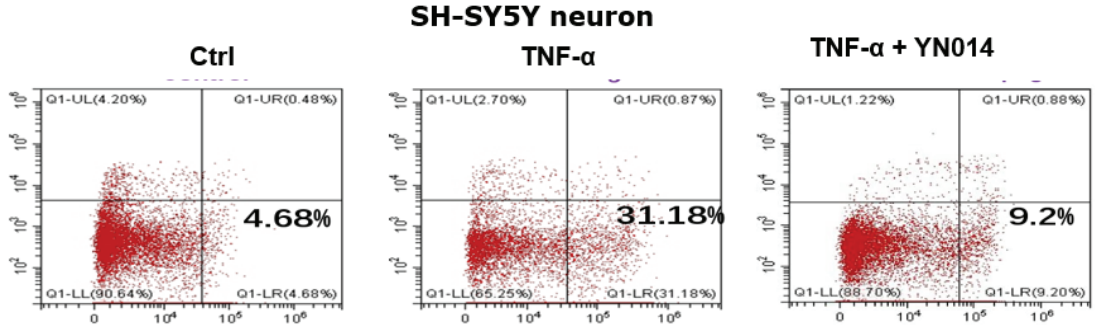
YN014 induced decreased accumulation of Aβ and phosphorylated tau protein in the hippocampus and cortex (different parts of the brain) of AD mice, as shown in the following diagrams.



YN014 Reduces Aβ Accumulation in AD mice

Source: Company data

As shown in the following diagram, YN014 also demonstrated the ability to reduce the death of SH-SY5Y neuron cells, human neuroblastoma cells as a cellular model for neurodegenerative disorders.



YN014 Reduces Neuron Cell Death

Source: Company data

YN014 has been developed in-house, and we own the global rights to research, develop and commercialize YN014.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET YN014 SUCCESSFULLY.

YN401 for the Treatment of Type 1 Diabetes (T1D)

T1D is an autoimmune disease caused by T cell-mediated autoimmune destruction of the islet β cells, resulting in a significant loss of the β cell mass. YN401 is an innovative drug candidate targeting β cell-specific target with dual mechanisms of β cell protection, proliferation promotion, and autoimmunity suppression for the treatment of T1D. In 2024, T1D and other types of diabetes accounted for approximately 6.7% of all diabetes cases globally. The treatments for T1D include drug treatments, surgical treatment, lifestyle intervention and blood glucose monitoring. Currently, patients with T1D rely on insulin as the only cornerstone drug treatment. There exists significant unmet medical need for the treatment of T1D.

Current evidence demonstrates the importance of focusing on the β cells and strategies to prevent their dysfunction in treating T1D. Consequently, strategies that enhance immune tolerance and preserve β cells, including the use of GLP-1 receptor agonists, are actively being explored. YN401 specifically targets islet β-cells, encouraging their proliferation while suppressing the autoimmunity. It does this by suppressing diabetogenic T cells (CD4+, CD8+), while enhancing the function of regulatory T cells (Tregs).

YN401 is currently in the pre-clinical candidate characterization (PCC) stage of pre-IND development. We expect to complete the PCC, research and clinical bridging (RCB) and the process characterization and biomanufacturing (PCB) stage and enter into the manufacturing and clinical bridging (MCB) stage for YN401 in 2025 and plan to submit an IND application for YN401 in 2025 or 2026.

YN401 has been developed in-house, and we own the global rights to research, develop and commercialize YN401.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET YN401 SUCCESSFULLY.

YN209 for the Treatment of MASH

YN209 is a drug candidate targeting liver-specific pathway for the treatment of MASH. Based on pre-clinical studies including *in vitro* studies, we identified a specific myokine, a type of cytokines secreted by the human body that targets fatty liver. By optimizing the structure of this natural hormone, we developed YN209, a promising candidate for treating MASH. YN209 specifically targets liver cells to exert hepatic actions by suppressing free fatty acid production (lipogenesis), enhancing fat breakdown (lipolysis) and boosting free fatty acid beta oxidation to improve mitochondrial function with the autophagy process, which helps clear damaged cells. YN209 is currently in the pre-clinical candidate characterization (PCC) stage of pre-IND development. We expect to complete the PCC, research and clinical bridging (RCB) and the process characterization and biomanufacturing (PCB) stage and enter into the manufacturing and clinical bridging (MCB) stage for YN209 in 2025 and plan to submit an IND application for YN209 in 2026.

Pre-clinical studies of YN209 on mice shows that it can reduce liver weight, as measured by histological examination, and alleviate hepatic steatosis, commonly known as fatty liver, which can be induced by feeding a diet containing unusually high content of fat in animal models such as rodents or non-human primates. YN209 also improves the Hematoxylin and Eosin (H&E) staining of liver tissues, which indicates a reduction in inflammation, and significantly lowers the levels of hepatic inflammatory factors.

Additionally, YN209 reduces liver enzyme levels and Metabolic-Associated Fatty Liver Disease (MAFLD) activity scores, improving the performance of Alanine Aminotransferase (ALT) and Aspartate Aminotransferase (AST), which are key biomarkers for liver function.

Our Core Product, Efsubaglutide Alfa, and other GLP-1 drugs primarily regulate liver glucose and lipid metabolism to indirectly treat MASH. YN209, however, is a liver-specific targeted drug with a more direct and potent effect. It works by inhibiting the generation of free fatty acids, enhancing fat breakdown, and promoting the β-oxidation of free fatty acids in the liver, thereby improving mitochondrial function through autophagy and helping to clear damaged cells.

YN209 has been developed in-house, and we own the global rights to research, develop and commercialize YN209.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET YN209 SUCCESSFULLY.

YN203 for the Treatment of Type 2 Diabetes (T2D)

Excessively elevated plasma glucagon level is a major contributor to the development of diabetic hypoglycemia. YN203 is a recombinant fusion protein targeting glucagon receptors (GCGR) signaling pathways for the treatment of T2D. YN203 has dual targeting mechanisms for the liver and pancreas. In the liver, it inhibits the signaling pathways mediated by GCGR, reducing hepatic gluconeogenesis. In the pancreas, it promotes cell growth and inhibiting apoptosis, leading to pancreatic β-cell proliferation, and increasing insulin synthesis and secretion. YN203 is currently in the pre-clinical candidate characterization (PCC) stage of pre-IND development. We expect to complete the PCC, research and clinical bridging (RCB) and the process characterization and biomanufacturing (PCB) stage and enter into the manufacturing and clinical bridging (MCB) stage for YN203 in 2025 and plan to submit an IND application for YN203 in 2026.

Pre-clinical animal studies have shown that YN203 can effectively reduce hyperglycemia caused by pancreatic β-cell damage. Additionally, YN203 significantly enlarges β-cell mass, thereby enhancing glucose tolerance and alleviating the diabetic symptoms of frequent urination, excessive thirst, excessive eating and weight loss in diabetic mice.

Unlike our Core Product, Efsubaglutide Alfa, and other GLP-1 drugs, which lower blood glucose by stimulating insulin secretion in a glucose-dependent manner, YN203, a GCGR inhibitor, has a blood sugar-lowering mechanism that does not depend on insulin secretion. Therefore, it could be effective in patients with impaired pancreatic β-cell function or severe insulin resistance. As a result, YN203 has significant differences in terms of drug sequence and patient eligibility compared to our Core Product.

YN203 has been developed in-house, and we own the global rights to research, develop and commercialize YN203.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET YN203 SUCCESSFULLY.

YN202 for the Treatment of Obesity and Overweight

YN202 is a recombinant fusion protein targeting the ghrelin receptor (GHS-R) binding domain and is developed for the treatment of obesity and overweight. Ghrelin is a hormone that stimulates appetite and promotes fat storage. YN202 competes with ghrelin for binding to the GHS-R receptor, regulating peripheral circulating levels of ghrelin and obesity-related hormones, thereby inducing a feeling of satiety and reducing food intake, which results in weight loss. YN202 is currently in the pre-clinical candidate characterization (PCC) stage of pre-IND development. We expect to complete the PCC, research and clinical bridging (RCB) and the process characterization and biomanufacturing (PCB) stage and enter into the manufacturing and clinical bridging (MCB) stage for YN202 in 2025 and plan to submit an IND application for YN202 in 2026.

Pre-clinical animal studies have demonstrated that YN202 can effectively reduce weight gain induced by a high-fat diet. It improves insulin resistance, lowers inflammation levels, and enhances glucose tolerance that is often impaired by high-fat diet feeding. These studies also demonstrated that the weight loss as a result of YN202 treatment is primarily due to a reduction in body fat rather than muscle mass. Specifically, YN202 reduces both visceral fat (fat surrounding internal organs) and subcutaneous fat (fat under the skin) without decreasing lean muscle mass.

Furthermore, YN202 alters the transcripts and proteins expression in fat tissue that are responsible for adipose catabolism, while reducing the transcripts and proteins expression of pro-inflammatory cytokines, which are signaling molecules that promote inflammation.

When treating obesity and overweight patients, our Core Product, Efsubaglutide Alfa, and other GLP-1 targeted drugs improve patients' dietary habits, reducing food and energy intake. On the other hand, YN202 is a recombinant fusion protein acts as pseudo-receptor to reduce (but not neutralize) hormones responsible for growth and diet in the body, and thereby achieving body weight reduction.

YN202 has been developed in-house, and we own the global rights to research, develop and commercialize YN202.

RESEARCH AND DEVELOPMENT

Research and development is a fundamental pillar of our business and will continue to be critical to our future growth. As of December 31, 2024, we had a R&D team of 34 members, accounting for a majority of our employees. Our R&D team comprises talents with extensive experience in drug discovery, pre-clinical development, CMC, clinical development and regulatory affairs, spanning the entire R&D cycle for innovative drugs.

Our R&D team has been led by Dr. Wang Qinghua, our founder, since our inception. Dr. Wang is an outstanding clinician scientist in GLP-1 research and clinical application and is at the forefront of translational medicine for GLP-1-based therapies. He translates innovative discoveries from basic research into clinical solutions to address significant unmet clinical needs, and has been focusing his research on metabolic diseases for over 25 years. Dr. Wang is the inventor of Efsubaglutide Alfa and a range of metabolic disease innovative drug candidates. The development of Efsubaglutide Alfa was selected into and supported by the Major National Science and Technology Projects for New Drug Development under the National 13th Five-Year Plans (十三五國家科技"重大新藥創製"課題), for which Dr. Wang acted as the project leader.

Dr. Liu Lin is one of the leaders of our R&D team. She graduated from Shandong University with a Ph.D. in Microbiology. Dr. Liu previously worked as a project leader in the Analytical Department at WuXi Biologics, where she led a team supporting both early and late-stage drug development, production, and regulatory submissions. With her extensive experience in research and development, Dr. Liu is capable of independently supporting the

characterization and process validation of candidate drug analysis methods, as well as the confirmation and validation of these methods. She is proficient in various analytical techniques and tools. Dr. Liu is primarily responsible for our quality control and the management of related teams.

Mr. Huang Bing is our Vice President of CMC and is deeply involved in the research and development of Efsubaglutide Alfa and other product candidates in our pipeline. Mr. Huang designed the primary packaging for Efsubaglutide Alfa, using pre-filled syringes and auto-injector pens to enhance patient convenience and safety. This design allows for more accurate dosing and helps prevent needle-related injuries. Mr. Huang also led the improvement and upgrading of the DNA residue detection method, which enhanced the safety of Efsubaglutide Alfa.

Mr. Huang has nearly 20 years of experience in biopharmaceutical research and development. Mr. Huang was awarded the third prize of Qingdao Science and Technology Award (青島市科學技術獎) by the People's Government of Qingdao in April 2016 and the China Industry- University-Research Collaboration Innovation Award (中國產學研合作創新獎) by China Industry-University-Research Institute Collaboration Association (中國產學研合作促進會) in March 2017. In December 2018, Mr. Huang was certified as a senior engineer by Qingdao Engineering Senior Professional Technique Qualification Evaluation Committee (青島市工程技術職務資格高級評審委員會).

We have been focusing our in-house R&D efforts on the development of our Core Product, Efsubaglutide Alfa. In 2023 and 2024, we incurred research and development expenses for Efsubaglutide Alfa of RMB376.1 million and RMB98.1 million, respectively, representing 76.4% and 95.7% of our total research and development expenses for the same years, respectively. All the key employees involved in the development of the Core Product remained employed by us during the Track Record Period and as of the Latest Practicable Date.

Recombinant Fusion Protein Platform

Using protein engineering recombinant techniques, we designed and developed a proprietary platform to prolong the physiological half-life and enhance the potency of therapeutic peptides and/or proteins, including Immunoglobulin G crystallizable fragment (IgG Fc) fusion proteins. This platform encompasses advanced technologies and methodologies that are fundamental to our innovative drug discovery, research and development for the treatment of metabolic diseases.

Our in-house developed Recombinant Fusion Protein Platform allows us to generate and develop innovative biomedicines, such as therapeutic peptides and proteins for the treatment of diabetes and other metabolic diseases. Fusion of these therapeutic peptides and proteins with IgG-Fc segment results in long-acting functionality and high efficacy. These IgG-Fc fusion peptides or proteins are large molecular weight homodimers with dual active molecules. They are stable in the bloodstream and are not rapidly cleared by kidney filtration. This significantly extends the drug's half-life and enhances its therapeutic efficacy. The production of our

innovative biomedicines engages mammalian cell expression system such as CHO cells. The production process is straightforward and simple under control of GMP quality assurance standards, covering upstream protein secretion and expression, and downstream protein purification and formulation procedures.

Using this technology platform, we generated and developed a number of new biomedicines with high quality meeting industry standard. Under this platform, we successfully developed Efsubaglutide Alfa, our Core Product, which is a GLP-1/IgG2 fusion proteins, in which native GLP-1 fused with human IgG2-Fc.

In addition to its extensively prolonged *in vivo* half-life, it retains native GLP-1 binding properties with high receptor binding affinity. Upon binding, it activates GLP-1 receptor and initiates its post-receptor signaling cascades including (i) activation of membrane-bound adenyl cyclase (AC), (ii) generation of cyclic adenosine monophosphate (cAMP), (iii) activation of cAMP-dependent protein kinase A (PKA) and exchange protein directly activated by cAMP (EPAC), and (iv) eventual cell effector responses, including glucose concentration-dependent insulin secretion and β-cell proliferation.

Our pre-clinical data demonstrated that Efsubaglutide Alfa displayed favorable pharmacokinetic and pharmacodynamic profiles. Efsubaglutide Alfa treatment showed significant therapeutic efficacy for diabetes, obesity and fatty liver disease, across various animal models ranging from rodents to non-human primates.

Based on this proprietary technology platform, we have successfully developed Efsubaglutide Alfa with its fast action, strong and sustained efficacy, and distinguished longer average half-life of 204 hours in patients with T2D compared to other marketed, humanized, long-acting GLP-1 receptor agonists. We will continue to leverage our technology platform to develop more biomedicine with strong efficacy and extensively long-action to treat various metabolic diseases.

Drug Discovery and Pre-clinical Development

Our dedicated drug discovery and pre-clinical team is responsible for, among others, target research and mechanism validation for innovative drug development, compound molecular design and optimization, pre-clinical development, and translational science research.

Clinical Development

Our clinical development team is responsible for clinical trial design and implementation. We also engage CROs to support our clinical trials. We have established partnerships with hospitals and principal investigators, which enables us to conduct multiple large-scale clinical trials. In addition, our clinical development team analyzes pre-clinical and clinical data to guide our clinical strategy, as well as the design and timely adjustments of clinical development plans.

Ms. Wang Jinxia is our senior director of clinical operations, responsible for managing the clinical research projects of Efsubaglutide Alfa as well as our other drug candidates. Ms. Wang has 18 years of experience in clinical operations and has managed multiple Phase I to Phase III clinical trials for metabolic diseases and other conditions in both domestic and global settings.

Our clinical development team is deeply involved in all stages of our clinical trials, including trial protocol design, selection of investigators and sites, and management of our clinical trial programs. Our clinical development team monitors treatment response in clinical trials, analyze clinical results, timely adapt clinical trial designs, and potentially discover predictive biomarkers to guide the design and execution of clinical studies. We utilize adaptive clinical trial design to achieve efficiency in drug development processes, which potentially accelerate approvals for our drug candidates. Our clinical expertise is exemplified by the Phase IIb/III clinical trial for Efsubaglutide Alfa for T2D. We had also successfully conducted two Phase III clinical trials simultaneously, further demonstrating our capability for efficient clinical trial operations.

As is customary in the pharmaceutical industry, we engage CROs to conduct and support our pre-clinical studies and clinical trials under our close supervision and overall management. We have selected CROs weighing various factors, such as their qualifications, expertise, experience, reputation and costs. Our cooperative relationship with CROs is based on specific projects. The pre-clinical CROs generally provide services related to pre-clinical toxicity and safety evaluations (such as animal studies), and *in vivo* pharmacology and PK studies under our study design. The clinical CROs mainly provide us with assistance in our conduct of clinical trials, including trial preparation, clinical monitoring, medical monitoring, and project management. We have exploited the CROs' professional expertise to facilitate optimal site selection, timely patient recruitment and efficient conduct of complex clinical trials. We carefully supervise the CROs to ensure that they perform their duties in a manner that complies with our protocols and applicable laws and protects the data integrity.

Below is a summary of the key terms of a typical agreement we enter into with our CROs:

- *Services.* The CRO provides the research services to us, including the implementation and management of a pre-clinical or clinical research project as specified in the agreement.

- *Term.* The CRO is required to perform its services and complete the pre-clinical or clinical research project within the prescribed time limit set out in each agreement.

- *Payments.* We are required to make payments to the CRO in accordance with the payment schedule agreed by the parties.

- *Intellectual property rights.* We own all intellectual property rights arising from the pre-clinical or clinical research project.

- *Confidentiality.* The CRO is required to keep confidential all the data, information or contents we distributed to them related to the project specified in the agreement, and such obligation may survive the termination of the cooperation agreement.

In clinical and pre-clinical studies, the division of responsibilities between us and the CRO engaged is typically as follows: We are responsible for study protocol design, schedule management, quality control, selection and management of vendors and research centers (hospitals). The CRO is responsible for the initial selection of research centers (hospitals), monitoring, and closing of research centers (hospitals), drug distribution and management, as well as the analysis of biological samples and the preparation of analysis reports.

During the Track Record Period, we engaged 18 and 28 CROs in 2023 and 2024, respectively. The following table sets forth the details of our major CROs engaged during the Track Record Period:

For the year ended December 31, 2023

Major CROs	Background	Involvement	Purchase Amount
			(RMB in thousands)
R&G (Beijing) PharmaStudies Co., Ltd. (諾思格(北京)醫藥科技股份有限公司)	Founded in 2008, R&G PharmaStudies (a company listed on the Shenzhen Stock Exchange, stock code: 301333) is a well-known CRO based in China and serving global markets. The company provides comprehensive, end-to-end clinical research and development services for pharmaceutical companies worldwide. Its services cover regulatory affairs, clinical pharmacology, medical affairs, pharmacovigilance, data management and statistical analysis, clinical operations, site management, and bio-sample analysis.	Clinical operations, medical affairs, pharmacovigilance, and quantitative pharmacology for the Phase IIb/III clinical trial of Efsubaglutide Alfa in combination with metformin for T2D.	16,008

Major CROs	Background	Involvement	Purchase Amount
			(RMB in thousands)
dMed Biopharmaceutical Technology (Shanghai) Co., Ltd. (締脈生物醫藥科技(上海)有限公司)	dMed Biopharmaceutical is a global CRO company based in China. With years of experience in drug development, it provides high-quality, comprehensive clinical services to biopharmaceutical and medical device companies in China and around the world. Its main services include expert consulting, regulatory affairs and strategy, early development and clinical pharmacology, clinical science and medical affairs, clinical trial operations, biostatistics, clinical programming, data management, drug safety and pharmacovigilance, quality assurance, clinical audits, and system support.	Data statistical services for the Phase IIb/III clinical trials of Efsubaglutide Alfa monotherapy and in combination with metformin for T2D.	3,084
Pharmaron (Nanjing) Clinical Medical Services Co., Ltd. (康龍化成(南京)臨床醫學研究有限公司)	Founded in 2017, Pharmaron (Nanjing) is a subsidiary of Pharmaron Beijing Co., Ltd. (listed on the Shenzhen Stock Exchange and the HKEx, stock code: 300759/3759). The company focuses on clinical trial services for biologics, chemical drugs, and medical devices, with branches in China, the U.S., Japan, and South Korea. It offers integrated solutions in regulatory registration, medical affairs, clinical operations, pharmacovigilance, data management and statistical analysis, clinical bio-sample analysis, and medical device services.	Clinical operations and medical services for the Phase IIb/III clinical trial of Efsubaglutide Alfa monotherapy for T2D.	2,710

Major CROs	Background	Involvement	Purchase Amount
			(RMB in thousands)
Suzhou Xishan Zhongke Drug R&D Co., Ltd. (蘇州西山中科藥物研究開發有限公司) . .	Founded in 2008, Suzhou Xishan provides a range of high-tech research services in safety evaluation, ecotoxicological testing, pharmacodynamics, and pharmacokinetics for pharmaceuticals, pesticides, and chemicals. It is a certified GLP-1 laboratory and one of the few institutions in China that provides GLP-1 testing for human drugs, pesticides, and chemicals.	PK and PD studies for Efsubaglutide Alfa injection in rats	2,348
CRO A	CRO A is a provider of comprehensive clinical research laboratory services that strictly comply with GCP regulations and international standards. The company offers laboratory services for pharmaceutical companies, CROs, and research institutions.	CRO services for the Phase IIb/III clinical trials of Efsubaglutide Alfa monotherapy and in combination with metformin for T2D.	1,816

For the year ended December 31, 2024

Major CROs	Background	Involvement	Purchase Amount
			(RMB in thousands)
R&G (Beijing) PharmaStudies Co., Ltd. (諾思格(北京)醫藥科技股份有限公司)	Founded in 2008, R&G PharmaStudies (a company listed on the Shenzhen Stock Exchange, stock code: 301333) is a well-known CRO based in China and serving global markets. The company provides comprehensive, end-to-end clinical research and development services for pharmaceutical companies worldwide. Its services cover regulatory affairs, clinical pharmacology, medical affairs, pharmacovigilance, data management and statistical analysis, clinical operations, site management, and bio-sample analysis.	Clinical operations, medical affairs, statistics, and pharmacology services for the Phase IIb/III clinical trial of Efsubaglutide Alfa monotherapy; Quantitative pharmacology quality control for two Phase IIb/III clinical trials of Efsubaglutide Alfa; Clinical protocol writing for YN014.	3,329
CRO B	Founded in 2001, CRO B is dedicated to global multi-center clinical trials for innovative drugs. Based on international GCP and GMP standards for drug regulation, CRO B provides authoritative clinical centers and expert teams to pharmaceutical companies in China and globally. Their services include clinical registration, clinical research, GMP certification, market approval, and CSO services, following a model that combines international teamwork with localized business operations.	GMP certification and registration services.	1,074

Major CROs	Background	Involvement	Purchase Amount
			(RMB in thousands)
CRO C	Established in 2004, CRO C is a highly influential CRO in the global pharmaceutical R&D field. The company has a service network spanning 54 countries and operates more than 180 offices and branches globally. Tigermed holds a leading market share in China's clinical outsourcing services for innovative drug development.	Statistical analysis services, completion of CDISC analysis and translation for completed clinical trials and clinical operations services.	764

Manufacturing

At current stage, we mainly reply on a reputable CDMO to support the clinical supply. We are implementing a phased strategy for the commercial manufacturing of Efsubaglutide Alfa to effectively meet post-launch market demand and ensure a stable and continuous supply. In the near term, we will continue to collaborate with our CDMO partner to achieve initial commercial-scale manufacturing and supply of the product. As we progress through commercialization, we plan to establish our own manufacturing facilities to build up our in-house commercial production capacity for Efsubaglutide Alfa in the future. We plan to commence the construction of the manufacturing facility in Guangzhou in 2026. Upon completion, the new manufacturing facility is expected to have two 6,000-liter production lines.

We terminated the lease for a pilot manufacturing facility in Shanghai in June 2024 based on our assessment that the designed manufacturing capacity of such pilot facility with four 500L bioreactors, can not meet our future demands for commercial-scale production of our drug products. Instead, we plan to establish our in-house manufacturing capacity for the commercial-scale production of Efsubaglutide Alfa through the construction of a new manufacturing facility. See "Future Plans and Use of [**REDACTED**]" in this document for details.

CMC Team

Our CMC team provides strong support throughout the drug development process. The team is mainly responsible for the pilot manufacturing, process scale-up and validation, and management and coordination of CDMO. As of December 31, 2024, our CMC team consisted of six members.

Mr. Huang Bing is our Vice President of CMC. Mr. Huang is responsible for establishing and managing the production system for Efsubaglutide Alfa and other pipeline drug candidates. Mr. Huang's career in biopharmaceutical research and development spans nearly 20 years. Mr. Huang was awarded the third prize of Qingdao Science and Technology Award (青島市科學技術獎) by the People's Government of Qingdao in April 2016 and the China Industry-University-Research Collaboration Innovation Award (中國產學研合作創新獎) by China Industry-University-Research Institute Collaboration Association (中國產學研合作促進會) in March 2017. In December 2018, Mr. Huang was certified as a senior engineer by Qingdao Engineering Senior Professional Technique Qualification Evaluation Committee (青島市工程技術職務資格高級評審委員會).

Collaboration with CDMO

As of the Latest Practicable Date, we had not established any manufacturing facility for clinical and commercialization scale. We currently outsource the production of our drug candidates to an industry recognized CDMO in China, Intellective Biologics (Suzhou) Co., Ltd. (智享生物(蘇州)有限公司). Our CDMO partner has established a set of GMP and cGMP-compliant biopharmaceutical R&D and production system which is recognized by the CDE, FDA and EMA. It can provide stable and sufficient supply for the future global development and marketing of Efsubaglutide Alfa. The local product facilities and process in China for Efsubaglutide Alfa provides advantages both in cost efficiency and quality.

Founded in April 2018, our CDMO partner is a one-stop outsourcing service company specializing in biopharmaceutical R&D and manufacturing. It has a stable core technical team with extensive experience in developing biologic drugs, including recombinant proteins, fusion proteins, biosimilars, and new drugs. They offer a complete lifecycle of pharmaceutical services, from early drugability analysis to commercial production.

Our CDMO partner's GMP facilities are designed and built according to cGMP and ICH requirements for China, the U.S., and the EU. They have a comprehensive quality system in place to oversee all GMP production activities. Their upstream cell culture facilities include 50L, 200L, 500L, 2,000L, and 6,000L reactors, offering services for toxicology batch production, IND applications, clinical sample preparation, process validation, and commercial production. Our CDMO partner has been engaged in the manufacturing of 87 drug candidates that have received IND approvals and two drugs that have received marketing approvals.

We believe it is cost-effective and efficient to engage CDMO for certain manufacturing activities as it reduces the capital expenditure required for setting up and maintaining the necessary production lines and allows us to optimize resource allocation to focus on the drug research and development at current stage.

We selected our CDMO partner by carefully reviewing and considering various factors, including the candidates' manufacturing capacity and qualifications, service and product quality, reputation, costs, and compatibility with our R&D objectives. To monitor and evaluate the services of our CDMO partner, we have adopted internal control measures to ensure, among

other criteria, full compliance of CDMO partner with the relevant regulatory requirements and our internal quality management system. Our agreement with the CDMO partner stipulated detailed manufacturing procedures and requirements to ensure our drug samples used in the clinical trial can meet our stringent quality standards. Salient terms of our collaboration agreement with the CDMO is set forth below:

- ***Gradual pricing.*** The unit price for commercial production will be determined based on the actual production quantity with a tiered pricing structure.

- ***Payments.*** Within 30 days of signing the agreement, we will pay a prepayment, which will be used to offset the first order payment. As the CDMO delivers the agreed-upon goods, we will inspect and approve them. After approval, the CDMO will issue invoices based on the delivered quantities. We will make the corresponding payment after receiving the invoice.

- ***Intellectual property.*** Any new technological documents, product verification (including process and method verification), quality standards, records, technical achievements, and intellectual property (including patents, copyrights, and non-patented technology) generated by the CDMO under this contract will belong to us. This includes all written deliverables provided by the CDMO under this agreement.

- ***Term.*** The agreement becomes effective immediately upon both parties signing and stamping it. It remains valid until the twenty-fourth month after the Efsubaglutide Alfa product receives marketing approval from the NMPA.

- ***Exclusivity.*** The CDMO promises not to develop or manufacture similar or identical products related to this project for themselves, nor will they sell the raw materials or finished products to third parties.

According to our agreement with the CDMO, the division of responsibilities between us and the CDMO for the commercial production of Efsubaglutide Alfa is as follows:

We are responsible for issuing orders for the production of Efsubaglutide Alfa, overseeing and auditing the manufacturing process, deciding the product's market release and handling its pharmacovigilance. The CDMO is responsible for utilizing its own facilities to manufacture both the raw material and finished product of Efsubaglutide Alfa. This includes procuring the necessary raw and auxiliary materials for production, as well as managing the storage and inspection of materials and products.

Our reliance on CDMO subjects us to various risks. For example, if the CDMO faces production issues, such as capacity constraints or supply chain disruptions, it could lead to delays in the availability of drug candidates for clinical trials or commercialization. This could slow down the development timelines or prevent the drug from reaching the market on time. If the CDMO produces substandard or defective products, it could compromise the integrity and safety of the drug. This could lead to clinical trial failures, regulatory delays, or even safety

recalls after the drug has been commercialized. Such issues could severely harm our reputation and market trust. If the CDMO increase their prices or encounter cost-related issues, this could result in higher production costs for us, affecting our profitability. For details, see "Risk Factors — Risks Relating to the Manufacturing of Our Drug Candidates — We currently rely on CDMO to manufacture our drug candidates for clinical development, and we may continue to rely on third parties to manufacture our drug candidates for commercial sales at the beginning of the commercialization of Efsubaglutide Alfa. Our business could be adversely affected if those third parties fail to deliver sufficient quantities of quality products."

Quality Assurance and Control

We have established quality assurance (QA) and quality control (QC) teams to oversee the development, manufacturing, and commercialization quality systems of our drug candidates. Our QA team ensures that our products and procedures meet regulatory standards and guidelines, while our QC team implements comprehensive testing and analysis to ensure that our materials and products meet the preset quality standards and the relevant testing methods are stable and reliable. As of December 31, 2024, our QA and QC teams consisted of nine members.

We have established comprehensive quality control and quality assurance procedures to ensure that the manufacturing processes of our drug candidates comply with relevant regulatory requirements and our internal quality standards.

Commercialization

Our core commercialization team comprises highly experienced professionals with an average of approximately 20 years of expertise in bringing metabolic disease treatments and pharmaceutical consumer products to market. As of December 31, 2024, our commercialization team consisted of 15 members. The team is led by Ms. Wenjie Xu, our executive Director and senior vice president, alongside Mr. Jing Xiao, Head of E-commerce and Retail.

We plan to strengthen our commercialization capability through scientific activities and a dynamic promotional activities across multiple channels. In order to continuously increase the visibility of our Efsubaglutide Alfa and other drug candidates in the field of metabolic diseases worldwide, we plan to conduct patient-focused and evidence-based educational activities with an aim to deepen our collaborations with KOLs in the field of metabolic diseases.

Our comprehensive marketing strategy includes an omnichannel approach that seamlessly integrates hospitals, retail pharmacies, and various online and offline platforms. Backed by favorable efficacy and safety data, long-acting advantages, convenient disposable injection pen design and alignment with current clinical needs, Efsubaglutide Alfa has significant potential to be included in expert consensus and treatment guidelines, which will accelerate its adoption in hospitals. We will continue to focus on major cities and tertiary hospitals in China and establish academic leadership to increase the penetration of Efsubaglutide Alfa and other future drug candidates upon approval.

We will price our product based on competitive landscape, supply and demand, and health-economic analysis, among others. Our mission is to provide high quality, accessible and affordable medicines for patients in China and worldwide. We endeavor to enhance our product affordability by pursuing reimbursement listings in the NRDL and other government-sponsored medical insurance programs at appropriate pricing levels. However, inclusion into the NRDL is evaluated and determined by the relevant government authorities and we may face significant competition for successful inclusion.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business, and we are committed to the development and protection of our intellectual properties. 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.

As of the Latest Practicable Date, we owned (i) five issued patents in China, (ii) five issued patents in the U.S., (iii) one issued patent in Japan, (iv) three issued patents in other jurisdictions, and (v) 50 patent applications, including 11 in China, two in the U.S., two pending PCT patent applications that may enter various contracting states in the future, and 35 in other jurisdictions. As of the Latest Practicable Date, with respect to Efsubaglutide Alfa and its underlying technologies, we owned (a) three granted patents, including one in the PRC and two in the U.S., and (b) 37 patent applications, including five in the PRC, one in the U.S., one pending PCT patent application that may enter various contracting states in the future and 30 in other jurisdictions. The following table sets forth the patents and patent applications of our Core Product and its underlying technologies as of the Latest Practicable Date. For details, see "Appendix VI — Statutory and General Information — B. Further Information About our Business."

Drug Candidate	Title of Invention	Application Number	Patent Holder/ Applicant	Jurisdiction	Application Date	Status	Estimated Expiration Date*
Efsubaglutide Alfa . .	An improved GLP-1 receptor agonist and fusion protein and its application (一種改進的GLP-1受體激動劑和融合蛋白及其應用)	CN117327190A	the Company; Innogen Technology; Innogen Engineering	PRC	June 23, 2022	Pending	N/A
	A recombinant cell, construction method and use thereof (一種重組細胞及其構建方法和應用)	CN117327658A	the Company; Innogen Technology; Innogen Engineering	PRC	June 23, 2022	Pending	N/A

Drug Candidate	Title of Invention	Application Number	Patent Holder/ Applicant	Jurisdiction	Application Date	Status	Estimated Expiration Date*
		WO2023246928A1	the Company; Innogen Technology; Innogen Engineering	PCT**	June 21, 2023	Pending	N/A
		CN117836330A	the Company; Innogen Technology; Innogen Engineering	PRC	June 21, 2023	Pending	N/A
	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof (一種改進的GLP-1受體激動劑的融合蛋白和應用)	TW112148282	the Company; Innogen Technology; Innogen Engineering	Taiwan Region	December 12, 2023	Pending	N/A
		P230101621	the Company; Innogen Technology; Innogen Engineering	Argentina	June 23, 2023	Pending	N/A
		HK40108078	the Company; Innogen Technology; Innogen Engineering	Hong Kong	June 21, 2023	Pending	N/A
	A formulation containing GLP-1 fusion proteins and applications thereof (一種包含GLP-1融合蛋白的藥物製劑及其應用)	WO2024199491A1	the Company; Innogen Technology; Innogen Engineering	PCT***	March 29, 2024	Pending	N/A
		TW113112225	the Company; Innogen Technology; Innogen Engineering	Taiwan Region	March 29, 2024	Pending	N/A
	Composition and method for prevention and treatment of T1D	US8278420B2	the Company	U.S.	August 4, 2006	Granted	April 13, 2027
	GLP/1/exendin 4 IgG Fc fusion constructs for treatment of diabetes	US8658174B2	the Company	U.S.	July 27, 2006	Granted	April 13, 2027
		CN101273134B	the Company; Innogen Technology	PRC	July 27, 2006	Granted	July 27, 2026

Note:

* Estimated expiration date does not include any applicable patent term extensions that may be granted for the patents related to a new drug.

** PCT patent application which has entered national phases within specified deadline.

*** PCT patent application which has the opportunity to enter national phases within specified deadline.

Material aspects (including sequences or indications under development) of our Core Product are covered by our patent applications in China and the U.S. Save for any examination opinions that the applicable patent examination authorities may raise during the ordinary pendency and examination of patent applications, we are not aware of any fact or legal impediment with respect to our pending patent applications that would preclude the grant of relevant patents.

Obtaining the grant of the pending patent applications is not a prerequisite for our future R&D or commercial activities. We believe that we will still be able to commercialize our Core Product in China and the U.S. even if we fail to register any patents that we are applying for. Therefore, we do not expect the pending status of these patent applications would prevent our Core Product from being commercialized.

The actual protection afforded by a patent varies on a claim-by-claim and jurisdiction-by-jurisdiction basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular jurisdiction and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our issued patents or any such patents that may be issued in the future will be commercially useful in protecting our drug candidates and methods of manufacturing the same. See "Risk Factors — Risks Relating to Our Intellectual Property Rights" for a description of risks related to our intellectual property.

As of the Latest Practicable Date, we had 48 registered trademarks in China and one registered trademark in other jurisdiction. We are also the registered owner of one domain name.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of, any intellectual property rights of third parties that may be threatened or pending.

A freedom-to-operate searches and analyses ("FTO Analysis") has been conducted in China and the U.S. in relation to our Core Product. Based on the FTO Analysis, our Directors are of the view that there are no valid and enforceable patents of any third party in China and the U.S. covering the amino acid sequences or indications currently under development of our Core Product and we have not infringed any valid and enforceable patents or other IP rights of any third parties.

SUPPLIERS AND PROCUREMENT

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of raw materials and consumables for our drug development, including pre-clinical studies and clinical trials, (ii) CROs, who provide third-party contracting services for research and development, (iii) a CDMO, who provides third-party contracting services for manufacturing, (iv) suppliers of equipment and (v) a strategy consulting firm.

In 2023 and 2024, the aggregate purchases attributable to our five largest suppliers in each year during the Track Record Period amounted to RMB93.1 million and RMB75.0 million, respectively, representing 65.0% and 71.8% of our total purchases, respectively. Purchases attributable to our single largest supplier amounted to RMB62.8 million and RMB50.4 million for the same years, accounting for 43.9% and 48.3% of our total purchases, respectively. We believe that we maintain strong and stable relationships with our major suppliers.

The following table sets forth details of our five largest suppliers in each year during the Track Record Period.

For the year ended December 31, 2023

Supplier	Background	Products/ Services	Commencement of business relationship	Credit terms	Purchase amount	% of total purchases
					(RMB in thousands)	
Intellective Biologics (Suzhou) Co., Ltd. (智享生物(蘇州)有限公司) and one of its subsidiaries	A CDMO company founded in 2018 in China and its subsidiary	CDMO services	2020	30 days	62,799	43.9%
R&G PharmaStudies Co., Ltd. (諾思格(北京)醫藥科技股份有限公司) . . .	A CRO company founded in 2008 in China with approximately RMB96.0 million in registered capital and is listed on the Shenzhen Stock Exchange	CRO services	2021	30 days	16,008	11.2%
Supplier B	A private company founded in 2015 in China	Property leasing services	2020	advanced payment	5,394	3.8%

Supplier	Background	Products/ Services	Commencement of business relationship	Credit terms	Purchase amount	% of total purchases
					(RMB in thousands)	
Supplier A	A private company founded in 2018 in China with approximately RMB100.0 million in registered capital that engages in the production of pharmaceutical packaging	Injection pens manufacturing services	2021	30 days	4,704	3.3%
Supplier C	A public hospital founded in 1907	Clinical trial services	2023	30 days	4,241	3.0%
Total					**93,146**	**65.0%**

For the year ended December 31, 2024

Supplier	Background	Products/ Services	Commencement of business relationship	Credit terms	Purchase amount	% of total purchases
					(RMB in thousands)	
Intellective Biologics (Suzhou) Co., Ltd. (智享生物(蘇州)有限公司) and one of its subsidiaries .	A CDMO company founded in 2018 in China	CDMO services	2020	30 to 150 days	50,387	48.3%
Supplier A	A private company founded in 2018 in China with approximately RMB100.0 million in registered capital that engages in the production of pharmaceutical packaging	Injection pens manufacturing services	2021	30 days	14,921	14.3%
Supplier D	An international consulting firm	Consulting services	2023	45 days	4,088	3.9%
R&G PharmaStudies Co., Ltd. (諾思格(北京)醫藥科技股份有限公司) . . .	A CRO company founded in 2008 in China with approximately RMB96.0 million in registered capital and is listed on the Shenzhen Stock Exchange	CRO services	2021	30 days	3,329	3.2%

Supplier	Background	Products/ Services	Commencement of business relationship	Credit terms	Purchase amount	% of total purchases
					(RMB in thousands)	
Supplier B	A private company founded in 2015 in China	Property leasing services	2020	advanced payment	2,248	2.2%
Total					**74,973**	**71.8%**

All of our five largest suppliers in each year during the Track Record Period are independent third parties. To the best knowledge of our Directors, none of our Directors, their respective associates or, or any Shareholder with over 5% of our issued share capital as of the Latest Practicable Date has any interest in any of our five largest suppliers in each year during the Track Record Period.

COMPETITION

Our industry is highly competitive and subject to rapid and significant change. While we believe that our innovative technology platforms, our drug candidates and our experienced leadership team provide us with competitive advantages, we face potential competition from many others working to develop therapies targeting the same indications. These include major biopharmaceutical companies, specialty pharmaceutical and biotechnology companies, and academic institutions, government agencies and research institutions. Any drug candidates that we successfully develop and commercialize will compete both with existing drugs and with any new drugs that may become available in the future.

We focus on leveraging our industry experience and established R&D capabilities for the in-house discovery and development of differentiated therapeutics primarily for diabetes and other metabolic diseases. We face fierce competition from existing products and product candidates under development in the market. We face uncertainties in clinical trial development which are subject to a variety of factors, including satisfactory safety and efficacy results from clinical trials, successful enrollment of patients, and performance of CROs and other parties involved in clinical trial development and others. For more information on the competitive landscape of our drug candidates, see "— Our Drug Candidates" and "Industry Overview."

EMPLOYEES

As of December 31, 2024, we had 77 full-time employees, all of whom were based in China. The following table sets forth the details of our employees by function:

Function	Number	% of Total
Research and development	34	44%
Finance	4	5%
Business and administrative	39	51%
Total	**77**	**100%**

We recruit our employees primarily through online platforms and recruiting websites. To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We enter into individual employment contracts with our employees covering matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause and grounds for termination. Our employee contracts specify that employees are obligated to strictly safeguard our commercial and technical secrets. Additionally, any intellectual property created by employees during their employment while performing their duties, other assigned tasks, or through the use of our resources, funding, or technology, will belong to us. This also applies to intellectual property developed within one year after an employee's departure, provided it is related to their primary job responsibilities or tasks assigned by us.

We place a high value on recruiting and training qualified employees. We maintain high standards on selecting and recruiting talent and provide competitive compensation packages. The remuneration package of our employees includes salary and bonus, which are generally determined by their performance review. We also [**REDACTED**] incentives and promotion opportunities to motivate our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. Our existing insurance policies cover adverse events in our clinical trials. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. We believe our existing insurance coverage is adequate for our present operations and in line with the industry practice in the PRC. See also "Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

LAND AND PROPERTIES

Our headquarters are located in Shanghai, China. As of the Latest Practicable Date, we leased six properties for office and R&D uses in China, with an aggregate GFA of approximately 4,162.17 m^2. The following table sets forth the details of our leased properties as of the Latest Practicable Date.

Usage	Location	GFA (sq.m.)	Lease Term
Office and R&D	Shanghai, China	1,822.16	November 1, 2024 to October 31, 2025
Office	Shanghai, China	20.0	March 15, 2024 to March 14, 2026
Office	Guangzhou, China	5.0	June 13, 2024 to June 12, 2025
Office	Guangzhou, China	13.1	July 22, 2023 to July 21, 2025
Office	Shanghai, China	2,299.91	September 1, 2025 to August 31, 2030
Office	Haikou, China	2.0	February 10, 2025 to February 9, 2028

As of the Latest Practicable Date, no single property interest that formed part of non-property activities had a carrying amount of 15%, and no single property interest that formed part of property activities had a carrying amount of 1%, of our 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 document 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 requires a valuation report with respect to our Group's interests in land or buildings.

As of the Latest Practicable Date, five of our lease agreements for properties in China had not been registered with relevant authorities in China. Our PRC Legal Advisor is of the view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. For details, see "Risk Factors — Risks Relating to Our Operations — We are subject to risks associated with our leased properties."

AWARDS AND RECOGNITIONS

The table below sets forth a summary of the major awards and recognition we received during the Track Record Period.

Year of Grant	Award/Recognition	Issuing Authority
2024	Innovative Forces in China's Pharmaceutical Industry (中國醫藥新銳創新力量)	China National Pharmaceutical Industry Information Center (PHIIC) (中國醫藥工業信息中心)
2023	Top 100 Biopharmaceutical Companies in China (中國創新生物醫藥榜TOP100)	VB100, VBData.cn and Danke Research Institute (VB100、動脈網、蛋殼研究院)
2023	Zhangjiang Life Science Industry Annual New Leader (張江生命健康產業年度新銳)	Zhangjiang Life Science International Innovation Summit (張江生命科學國際創新峰會)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to environmental protection and promoting corporate social responsibility and best corporate governance practices to develop sustainable value for stakeholders and take up responsibilities as a corporate citizen. We are now primarily engaged in the pre-clinical and clinical development and production of our drug candidates. The current nature of our business does not expose us to a substantial risk of environmental, health or work safety matters, and we do not expect the potential risks of such matters will have a material adverse impact on our business operation and results of operations. Our operations in the future, particularly after the completion of construction and commencement of operations of our manufacturing facility, will be subject to numerous environmental, social, health and safety laws and regulations. For a discussion on PRC laws and regulations on environmental protection and work safety, see "Regulatory Overview — Regulations in Relation to Environmental Protection and Fire Safety."

ESG Governance

We are committed to complying with PRC regulatory requirements, preventing and reducing hazards and risks associated with our operation, and ensuring the health and safety of our employees and surrounding communities. We will analyze and disclose important ESG matters, risk management and the accomplishment of performance objectives, particularly those environmental and social issues that could have a material impact on the sustainability of our operations and that are of interest to stakeholders.

Our ESG governance structure adopts a two-tier approach to ensure comprehensive oversight and effective implementation of ESG initiatives across the Group, comprising the Board of Directors as the highest governing body and the ESG working group as the executive arm.

The Board of Directors

The Board of Directors (the Board) holds ultimate responsibility for the Group's ESG framework, strategy, and oversight, meeting at least annually to review and monitor ESG-related matters and risks. The Board develops and reviews group-level ESG policies, ensures regulatory compliance, sets corporate objectives and performance indicators, and approves the annual ESG Report. It maintains oversight through the delegation of specific responsibilities to the ESG working group while retaining authority for final approval of major ESG decisions.

The ESG Working Group

We have established the ESG working group, operating under the Board's authority, comprising the Chief Financial Officer/secretary to the Board (as the chairman of the ESG working group), vice president of the manufacturing department, head of the quality department, and head of the human resources department. Meeting semi-annually and reporting annually to the Board, the ESG working group main responsibilities include assisting in ESG framework development, conducting risk assessments and internal control reviews, monitoring regulatory requirements, and supervising policy implementation. The ESG working group also prepares the annual ESG Report, arranges ESG-related training, and leads various environmental and social initiatives. The ESG working group chairman is authorized to make decisions between meetings, subject to subsequent reporting at the next working group meeting.

ESG-related Risks

Quality Management

Quality management risk is mentioned and is one of our ESG-related risks.

We have established "Quality Manual (質量手冊)" to ensure our drugs' manufacturing activities comply with relevant regulatory requirements and our internal quality standards. Our dedicated QA and QC teams oversee all aspects of development, production, and commercialization. Quality system also employs a multi-layered approach that includes manufacturer's release testing, regular internal sample testing, third-party testing, and compliance with regulatory authority inspections to ensure the released drugs continually comply with the standards approved by the authority. In spite of that, we also maintain continuous communication with regulatory authorities to stay current with evolving quality standards.

With reference to the industry peers, we monitor our quality management effectiveness through regulatory compliance records. Our target is to achieve zero administrative penalties. This metric and target is regularly reviewed to ensure our quality control measures remain effective and compliant with all regulatory requirements.

Intellectual Property Rights

We are exposed to risks in relation to the infringement of patents or trademarks in our research and development and it is one of our ESG-related risks.

To mitigate these risks, we have engaged external consultants to assist us in implementing various intellectual property rights application strategies e.g. Freedom to Operate (FTO) Search, covering our entire production and commercialization process, and addressing potential areas of infringement. We have also established the "Intellectual Property Management Manual (知識產權管理手冊)" and "Confidentiality Management Policy (保密管理制度)", covering our internal control measures regarding information search, alert control mechanism, litigations handling, etc.

To maintain robust protection, we monitor our intellectual property portfolio regularly and ensure renewal procedures are conducted in advance of expiry dates. With reference to industry peers, our primary metric is the validity of our licensed patents and trademarks. We have set a target to ensure that all of our licensed patents and trademarks across our operations are properly validated. Furthermore, we strengthen our internal controls through comprehensive confidentiality measures. Our employees are required to sign non-disclosure agreements, and our cooperation agreements with business partners include specific confidentiality clauses.

Climate Change

Global risks, and natural disasters are one of the risks that the Group needs to face. For details about how these risks affect our Group, please refer to pages 55-56 of the document. As a pharmaceutical company, we face physical risks from climate change as well. Although our contracted CDMO's production facilities in Suzhou, China, are situated in an area with a relatively low probability of typhoons and floods, these extreme weather events, if happen, could affect our employee commuting, power supply stability, and logistics operations.

Additionally, extreme weather events affecting our suppliers could lead to disruptions in our raw material supply, potentially impacting our production schedule and our ability to maintain specific temperature ranges for pharmaceutical storage.

To safeguard against these climate-related risks, we have developed a robust comprehensive control system, relevant policies including but not limited to the "Standard Operating Procedures for Warehouse Management (倉庫管理標準操作規程)" and the "Data Compliance Management System (數據合規管理制度)". Our CDMO's facilities are equipped with a dual power supply system and backup diesel generators, ensuring continuous operation of critical equipment and cold storage facilities. Our CDMO's facilities maintain sophisticated temperature-controlled storage facilities with advanced monitoring systems that provide immediate alerts for any deviations. Our data security protocol includes both cloud storage and physical copies at separate locations, while detailed emergency procedures guide our teams through disruptions. To ensure supply chain resilience, we maintain over six months of inventory for most raw materials.

With reference to industry peers, our primary metric for monitoring climate-related risks is the quantity of pharmaceutical products that require disposal due to climate-change-related storage environment issues.

In terms of transition risks, we face policy and legal risks such as enhanced emissions-reporting obligations required by regulatory bodies. To mitigate such risks, our ESG Working Group continuously monitors the latest regulatory requirements in relation to climate change. Our primary metric for monitoring climate-related risks is our greenhouse gas ("GHG") emissions and we have established the target of maintaining compliance with all relevant climate-related disclosure requirements. As we are implementing a phased strategy for the commercial manufacturing of Efsubaglutide Alfa to effectively meet post-launch market demand and ensure a stable and continuous supply, we plan to set a quantitative target regarding our GHG emissions once we have reached a stable production capacity. Our long-term goal is to achieve carbon neutrality of our operations by 2060 in response to China's 3060 "Dual Carbon" initiative, which aims to reach carbon peak by 2030 and carbon neutrality by 2060.

Hazardous Waste Management

Hazardous waste management is one of our ESG-related risks.

By setting up policies including the "Waste Disposal Management Procedures (廢棄物處理管理規程)", we maintain strict oversight of our CDMO's production facilities, requiring them to adhere to national standards for wastewater treatment and air emissions. Regular on-site wastewater quality checks ensure pollutant concentrations remain within acceptable limits. We have appointed dedicated safety officers who conduct periodic audits of our waste management protocols and their implementation. Additionally, all hazardous waste disposal is conducted exclusively through licensed third-party contractors who meet our compliance standards.

With reference to industry peers, we track our performance through regular compliance assessments, with our primary metric being the number of non-compliance incidents in relation to hazardous waste management. Our target is to maintain 0 non-compliance incidents of such across all our operations.

Environmental Protection

We endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. We have established a management system in respect of environmental protection, which specifies the methods of collecting, depositing and disposing of various types of wastes, in order to control our potential pollution and to comply with the requirements of the governmental departments and the relevant laws and regulations. Currently, our major types of hazardous wastes are the pollutants generated during the research and development process, including waste gas, waste liquid and solid waste.

Greenhouse Gas (GHG) Emissions

Our Scope 1 GHG emission mainly comprises vehicle use while Scope 2 GHG emission mainly comprises purchased electricity consumption. The following table sets forth a breakdown of our GHG emissions during the Track Record Period:

		Years Ended December 31,	
	Unit	2023	2024
Direct emission (Scope 1)	tCO_2e	2.93	2.32
Energy indirect emission (Scope 2)	tCO_2e	132.21	145.56

Resource Consumption

In pursuit of our sustainable development objectives, we rigorously oversee our environmental protection performance across various domains, including resource efficiency and energy consumption. We closely monitor our electricity and water consumption levels and actively implement strategies to enhance energy efficiency and promote water conservation. In aggregate, our electricity consumption levels were approximately 0.2 million kWh and 0.3 million kWh, respectively, in 2023 and 2024. Our water consumption levels were approximately 846.0 tons and 1,067.0 tons, respectively, in 2023 and 2024.

Pre-clinical and Clinical Study

We have adopted a series of measures to enhance laboratory and clinical trial safety and comply with relevant regulations through establishing and enforcing internal policies and procedures on clinical trial safety. We maintain policies which require our personnel to be trained on processing personal information and require our CROs to have data protection measures in place.

Workplace Safety and Diversity

We have adopted and maintained a series of rules, standard operating procedures, and measures to maintain our employees' healthy, safe and diverse environment.

We have adopted and maintained a series of rules, standard operating procedures, and measures, including those required under the GMP standards, to maintain our employees' health and we emphasize providing a safe working environment for our employees as well as our clinical trial participants. We implement guidelines to set out information about safe practices, accident prevention and accident reporting as core aspects. We ensure that clinical trial participants properly acknowledge their understanding of safety matters at the time of enrollment and on an ongoing basis as necessary.

We are also dedicated to providing fair and equal treatment and career opportunities to all of our employees. We prohibit any form of discrimination based on gender, family origin, disability, religious beliefs, or race throughout our recruiting process. To the best knowledge of our Directors and during the Track Record Period, we did not encounter any significant workplace safety incidents.

LICENSES AND PERMITS

Our PRC Legal Advisor has advised that during the Track Record Period and up to the Latest Practicable Date, we have obtained all material licenses, permits, approvals and certificates from the relevant government authorities that are material for the business operations of our Group.

LITIGATIONS

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. See "Risk Factors — Risks Relating to Our Operations — We, our shareholders, beneficial owners, senior management or Directors may be involved in claims, disputes, litigation, arbitration or other legal proceedings, or may be subject to governmental investigations, administrative proceedings or penalties, which could adversely affect our business, financial condition, results of operations and reputation."

During the Track Record and up to the Latest Practicable Date, our Directors confirmed that we were not involved in any litigation or arbitration proceedings pending or, to the best knowledge of our Directors, threatened against us or any of our Directors that could have a material adverse effect on our business, results of operations or financial condition.

COMPLIANCE WITH LAWS AND REGULATIONS

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China.

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in the daily operation of our main business in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

Risk Management

We are exposed to various risks in our business operations and we recognize that risk management is critical to the success of our business operation. For more details, please refer to the section headed "Risk Factors" in this document. We are also exposed to various market risks currency and interest rate risks, credit risks, and liquidity risks that arise in the normal course of our business. For more details, please refer to the paragraphs headed "Financial Information — Market Risk Disclosure" in this document.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting process and internal control system;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions, and information disclosure;
- provide regulatory trainings periodically to our senior managements and employees to enhance their knowledge and compliance with applicable laws and regulations;
- attend training sessions by our Directors and senior managements in respect of the relevant requirements of the Listing Rules and duties of directors of companies [**REDACTED**] in Hong Kong.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant (the "Internal Control Consultant") to perform certain agreed-upon procedures (the "Internal Control Review") in connection with the internal control of our Company in certain aspects, including entity-level controls, financial reporting and disclosure controls, purchase and payment management, inventory management, fixed assets management, human resources and payroll management and other procedures of our operations. The Internal Control Consultant performed the Internal Control Review, identified internal control deficiencies and provided recommendation accordingly. We have adopted the corresponding remediation actions to improve the effectiveness of internal control system. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us and there are no further material findings identified in the process of the follow up Review. As of the Latest Practicable Date, there were no material outstanding issues relating to our Company's internal control.

After considering the remedial actions we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

Data Privacy Protection

We have established procedures to protect the confidentiality of trial participants' data. We demand that all parties involved in clinical trials, both external and internal, adhere to confidentiality obligations. We require our personnel to collect and safeguard personal information in their possession. Our CROs and other partners are obligated to safeguard the confidentiality of such information pursuant to our contracts with them. Compliance with GCP and relevant rules ensures that only approved personnel can access clinical trial data. Data utilization is strictly confined to the use consented to by the patients, which is in line with the Informed Consent Form ("ICF"). We ensure to obtain further consent from patients for any data usage that extends beyond the ICF's scope.

Any data transfer related to our product development initiatives and regulatory communications must adhere to relevant local data protection and privacy laws. Accordingly, we have implemented a series of control measures and structures. Despite the evolving nature of these laws and our potential clinical trials, we have not encountered significant issues with data transfers so far. We believe our practices related to transferring clinical trial data conform to industry standards.

As of the Latest Practicable Date, we were in compliance with the applicable PRC data privacy and protection laws and regulations in all material aspects.

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, Dr. Wang, founder of the Group, chairman of the Board, general manager of the Company and executive Director, was entitled to exercise approximately 36.07% of the voting rights in the Company through: (i) 46,219,556 Shares (representing approximately 11.00% of the voting rights in the Company) directly held by him; (ii) 65,374,748 Shares (representing approximately 15.56% of the voting rights in the Company) held by the Employee Incentive Platforms (i.e. Guangzhou Nuosu, Guangzhou Nuopa and Guangzhou Nuotai), whose general partner was Shanghai Nuotang (an entity wholly-owned by Dr. Wang); (iii) 27,253,600 Shares (representing approximately 6.48% of the voting rights in the Company) held by Hong Kong Invengen, which entered into the Concert Party Agreement with Dr. Wang; and (iv) 12,750,222 Shares (representing approximately 3.03% of the voting rights in the Company) held by Hong Kong Innogen (an entity wholly-owned by Dr. Wang). Therefore, Dr. Wang, Guangzhou Nuosu, Guangzhou Nuopa, Guangzhou Nuotai, Shanghai Nuotang, Hong Kong Invengen and Hong Kong Innogen constitutes a group of Controlling Shareholders of the Company ("Controlling Shareholders Group").

Immediately after completion of the [**REDACTED**], the Controlling Shareholders Group will continue to control approximately [**REDACTED**]% of the voting rights in the Company (assuming that the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights in the Company (assuming that the [**REDACTED**] is exercised in full). Accordingly, the Controlling Shareholders Group will remain as a group of controlling shareholders of the Company upon the completion of the [**REDACTED**].

For details of the relationship among the Controlling Shareholders Group, their shareholding in the Company, and the Concert Party Agreement, see "History, Development and Corporate Structure" and "Substantial Shareholders."

COMPETITION

Each member of the Controlling Shareholders Group has confirmed that he/it does not have any interest in a business, apart from the business of the 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 FROM THE CONTROLLING SHAREHOLDERS GROUP

Having considered the following factors, the Directors are satisfied that we are capable of carrying out our business independently of the Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

Management Independence

We are able to carry on our business independently from the Controlling Shareholders Group from a management perspective. Upon the [**REDACTED**], the Board will consist of four executive Directors, two non-executive Directors and three independent non-executive Directors.

The executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding the roles of Dr. Wang in the Board, the Directors are of the view that the Company is able to function independently from Dr. Wang for the following reasons:

(a) all of the independent non-executive Directors are independent of Dr. Wang, and decisions of the Board require the approval of a majority vote from members of the Board;

(b) each of the Directors is aware of fiduciary duties of a director which require, among other things, that he/she must act for the benefit and in the best interest of the Group and must not allow any conflict between his/her duties as a Director and his/her personal interest;

(c) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between the Company and the Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum;

(d) we will have three independent non-executive Directors and certain matters of the Company must always be referred to the independent non-executive Directors for review;

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between the Group and the Controlling Shareholders Group which would support our independent management; and

(f) our daily management and operations are carried out by the Company's senior management team, who have substantial experience in the industry which the Company is engaged in, and will therefore be able to make business decisions that are in the best interests of the Group.

Based on the above, the Directors are satisfied that the Board as a whole is able to perform the management role in the Group independently from the Controlling Shareholders Group and their respective close associates (other than the Group) after the [**REDACTED**].

Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of the Controlling Shareholders Group or their close associates (other than the Group) for research and development, manufacturing, business development, staffing and administration (including financial and accounting management, human resources and information technology). We have independent access to suppliers and customers, and an independent management team to handle our day-to-day operations. We also possess the necessary licenses, certificates, facilities and intellectual property rights to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, the Directors are satisfied that we are able to operate independently from the Controlling Shareholders Group and their close associates (other than the Group) after the [**REDACTED**].

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of the Company, independent from the Controlling Shareholders Group and their respective close associates (other than the Group). We are able to make financial decisions independently and the Controlling Shareholders Group and their respective close associates do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

In addition, we are capable of obtaining financing from third parties at reasonable costs without relying on any guarantee or security provided by the Controlling Shareholders Group or their close associates (other than the Group). For example, we had received a series of Pre-[**REDACTED**] Investments in an aggregate amount of approximately RMB581.4 million from third-party investors independently during the Track Record Period and up to the Latest Practicable Date. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" for details of Pre-[**REDACTED**] Investments.

We do not rely on the Controlling Shareholders Group and/or their respective close associates by virtue of their provision of financial assistance. As of the Latest Practicable Date, there were no outstanding loans, advances and balances of non-trade nature due to or from the Controlling Shareholders Group or their respective associates (other than the Group) and we do not intend to rely on any member of the Controlling Shareholders Group in the future.

Based on the above, the Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on the Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

The Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

The Directors recognize the importance of good corporate governance in protecting the Shareholders' interests. We would adopt the following measures to promote good corporate governance and to avoid potential conflict of interests between the Group and the Controlling Shareholders Group:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders Group or any of their respective associates has a material interest, the Controlling Shareholders Group will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) the Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if the Company enters into connected transactions with the Controlling Shareholders Group or any of their respective associates, the Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual and independent basis, whether there is any conflict of interests between the Group and the Controlling Shareholders Group (the "Annual Review") and provide impartial and professional advice to protect the interests of minority Shareholders;

(d) the Controlling Shareholders Group will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) the Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(f) where the Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at the Company's expenses; and

(g) we have appointed Gram Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

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

OVERVIEW

Upon [**REDACTED**], the Board will consist of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

The Supervisory Committee currently consists of three Supervisors. The Supervisory Committee is responsible for supervising the performance of duty of the Board and the senior management of the Company and overseeing the financial, internal control and risk conditions of the Company.

The senior management currently consists of four members who are responsible for our day-to-day management and operations.

DIRECTORS

The following table sets forth the key information about the Directors:

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Dr. Wang	65	Chairman of the Board, executive Director, and general manager of the Company	Responsible for the overall strategic planning and making key business and operational decisions of the Group	December 5, 2014	December 5, 2014
Ms. Jiang Fan (姜帆)	40	Executive Director, vice president and head of finance of the Company, and secretary to the Board	Responsible for corporate investment and finance, the overall financial planning and analysis and strategic planning of the Group	December 25, 2020	December 25, 2020

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Ms. Xu Wenjie (徐文潔). . . .	53	Executive Director, senior vice president of the Company	Responsible for the overall product commercialization and business development of the Group	November 23, 2022	April 12, 2022
Mr. Huang Bing (黃冰)	46	Executive Director and vice president of the Company	Responsible for the production and storage of drugs, the construction of commercial production bases, and providing guidance on the regulatory approval process of the Group	November 23, 2022	October 9, 2020
Mr. HO KYUNG SHIK	51	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	December 25, 2020	December 25, 2020
Mr. Heng Lei (衡磊)	37	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	October 30, 2024	October 30, 2024
Mr. Tao Wuping (陶武平). . . .	70	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	November 23, 2022	November 23, 2022
Dr. Song Ruilin (宋瑞霖). . . .	62	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 30, 2024	October 30, 2024
Mr. Chan Heung Wing Anthony (陳向榮). . . .	51	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	May 30, 2025	May 30, 2025

Executive Directors

Dr. Wang, aged 65, the founder of the Group, was appointed as the chairman of the Board and the general manager of the Company in December 2014. He was re-designated as an executive Director in October 2024. He is responsible for the overall strategic planning and making key business and operational decisions of the Group.

Dr. Wang brings over 25 years of expertise in the field of metabolic diseases. Prior to founding the Group in December 2014, he dedicated several years to translational research on diabetes and metabolic diseases, serving as a postdoctoral fellow from July 1999 to June 2002, an assistant professor from October 2001 to June 2007 and an associate professor in department of physiology in the University of Toronto from July 2007 to June 2013. From June 2009 to June 2014, Dr. Wang was also appointed as the researcher of the Institute of Medical Science in the University of Toronto.

Dr. Wang also held several positions at affiliated research institutes and hospitals, including as (i) a senior scientist at the Li Ka Shing Institute of Knowledge and the Division of Endocrinology and Metabolism at St. Michael's Hospital in Canada since September 2008; (ii) an affiliate scientist to the Keenan Research Centre for Biomedical Science of St. Michael's Hospital from March 2018 to March 2021; and (iii) the distinguished professor and doctoral supervisor of Fudan University (復旦大學) since July 2014. Dr. Wang has also been serving as a deputy director at Institute of Endocrinology and Diabetes of Huashan Hospital of Fudan University (復旦大學附屬華山醫院內分泌糖尿病研究所) since July 2014.

Dr. Wang was appointed as the project manager for Major National Science and Technology Projects for New Drug Development under the National 13th Five-Year Plans (十三五國家科技"重大新藥創制"課題負責人). Dr. Wang obtained a doctorate in biochemistry from University of Antwerp in May 1995 in Belgium.

Ms. Jiang Fan (姜帆), aged 40, joined the Company in December 2020 and served as the senior strategy director of the Company from January 2021. Ms. Jiang subsequently served as the deputy general manager of the Company from November 2022 to October 2024. She has been serving as the head of finance of the Company and the secretary to the Board since November 2022 and the vice president of the Company since October 2024. She was appointed as a Director in December 2020 and redesignated as an executive Director in October 2024. She is primarily responsible for corporate investment and finance, the overall financial planning and analysis and strategic planning of the Group.

With an over 15-year career in strategic consulting, investment and financing in pharmaceutical industry, Ms. Jiang is experienced in business strategic planning, transaction structuring and portfolio development. From March 2009 to June 2015, she served as a department manager at Shanghai Beian Information Technology Co., Ltd. (上海北岸信息技術有限公司). From November 2015 to January 2019, she was an account manager at IQVIA Enterprise Management Consulting (Shanghai) Co., Ltd. (艾昆緯企業管理諮詢(上海)有限公司). Ms. Jiang subsequently held various leadership positions, including (i) an associate director at Zhongdian Yaoming Data Technology (Chengdu) Co., Ltd. (中電藥明數據科技(成都)有限公司) from February 2019 to February 2020; (ii) a partner at Trial Data Pharmaceutical Technology (Shanghai) Co., Ltd. (創達醫藥科技(上海)有限公司) from April 2020 to August 2020; and (iii) a business development director of the pharmaceutical division at Yijian (Shanghai) Information Technology Co., Ltd. (翼健(上海)信息科技有限公司) from August 2020 to January 2021.

Ms. Jiang obtained a bachelor's degree in biotechnology from Huazhong University of Science and Technology (華中科技大學) in June 2008 in the PRC and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in April 2018 in the PRC.

Ms. Xu Wenjie (徐文潔), aged 53, joined the Company as a senior vice president of the Company in April 2022, and served as the deputy general manager of the Company from November 2022 to October 2024. She was appointed as a Director in November 2022 and re-designated as an executive Director in October 2024. She is primarily responsible for the overall product commercialization and business development of the Group.

Ms. Xu brings extensive experience in academic promotion and brand management within the pharmaceutical industry. In February 2007, Ms. Xu joined Eli Lilly and Company, where she successively served as a product planning manager, market research manager, deputy brand director, marketing director and sales director until December 2015, responsible for pipeline analysis, marketing and promotion strategies and sales management. From January 2016 to August 2018, she worked as an executive director responsible for marketing and sales at the diabetes division of AstraZeneca Investment (China) Co., Ltd. (阿斯利康投資(中國)有限公司). From August 2018 to April 2022, she took the position of vice president at the group of Hualing Pharmaceutical Technology (Shanghai) Co., Ltd. (華領醫藥技術(上海)有限公司), a company listed on the Stock Exchange (stock code: 2552), where she was responsible for commercialization strategies and operations.

Ms. Xu obtained a bachelor's degree in pharmaceutical analysis from China Pharmaceutical University (中國藥科大學) in July 1993 in the PRC and a master's degree in business administration from Emory University Business School in May 2004 in the United States.

Mr. Huang Bing (黃冰), aged 46, joined the Company as a deputy manager of the manufacturing department of the Company in October 2020. Mr. Huang served as the deputy general manager of the Company from November 2022 to October 2024 and has been serving as the vice president of the Company since October 2024. He was appointed as a Director in November 2022 and re-designated as an executive Director in October 2024. He is primarily responsible for the production and storage of drugs, the construction of commercial production bases, and providing guidance on the regulatory approval process of the Group.

Mr. Huang's career in biopharmaceutical research and development spans nearly 20 years. From August 2004 to March 2010, he worked at the proteomics division of Guangzhou FulenGen Co., Ltd. (廣州複能基因有限公司), engaged in the purification and bioactivity analysis of functional proteins. From June 2010 to April 2013, he worked at Qingdao Huanghai Pharmaceutical Co., Ltd. (青島黃海製藥有限責任公司). From July 2013 to December 2019, Mr. Huang assumed the role of director of biopharmaceutical development at KANG LI TAI Pharmaceutical Co., Ltd. (康力泰藥業有限公司), where he led multiple stages of pre-clinical cytokines development. From February 2020 to October 2020, he was a director of biopharmaceutical development at Shandong Fengjin Biopharmaceutical Co., Ltd. (山東豐金生物醫藥有限公司), where he was responsible for the scale-up and transfer for commercialization of biological drugs.

Mr. Huang was awarded the third prize of Qingdao Science and Technology Award (青島市科學技術獎) by the People's Government of Qingdao in April 2016 and the China Industry-University-Research Collaboration Innovation Award (中國產學研合作創新獎) by China Industry-University-Research Institute Collaboration Association (中國產學研合作促進會) in March 2017. In December 2018, Mr. Huang was certified as a senior engineer by Qingdao Engineering Senior Professional Technique Qualification Evaluation Committee (青島市工程技術職務資格高級評審委員會).

Mr. Huang obtained a bachelor's degree in biotechnology from Yantai Normal College (煙臺師範學院) (currently known as Ludong University (魯東大學)) in July 2001 in the PRC and a master's degree in marine biology form Ocean University of China (中國海洋大學) in July 2004 in the PRC.

Non-executive Directors

Mr. HO KYUNG SHIK, aged 51, was appointed as a Director in December 2020 and re-designated as a non-executive Director in October 2024. He is primarily responsible for providing guidance and advice on corporate and business strategies to the Company.

Mr. HO has been engaged in business consultancy and private equity investment for over 20 years. He served as a manager at Korea Investment Partners Ltd. from October 2000 to January 2011 and has been serving as a managing partner at Korea Investment Partners (Shanghai) Venture Capital Management Co., Ltd. (韓投夥伴(上海)創業投資管理有限責任公司) since January 2011, where he was responsible for investment in China.

Mr. HO obtained a bachelor's degree in business administration from Seoul National University in February 1997 in South Korea.

Mr. Heng Lei (衡磊), aged 37, was appointed as a non-executive Director in October 2024. He is primarily responsible for providing guidance and advice on corporate and business strategies to the Company.

Prior to joining the Group, Mr. Heng served as an investment analyst at SND Ventures Group Co., Ltd. (蘇州高新創業投資集團有限公司) from May 2012 to June 2014. He also worked as an investment manager at SanPower Group Co., Ltd (三胞集團有限公司) from June 2014 to March 2015, a multi-national conglomerate whose core business engagements are within the technology and modern service industries. He served as an investment manager at SIP Oriza PE Fund Management Co., Ltd. (蘇州工業園區元禾重元股權投資基金管理有限公司) from April 2015 to June 2017, a subsidiary of Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司). Mr. Heng has been working at Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) since July 2017, a professional private equity investment company listed on the National Equities Exchange and Quotations (stock code: 832793) and currently serves as the director of investment. Since December 2021, Mr. Heng has been serving as a non-executive director at Rainmed Medical Limited (潤邁德醫療有限公司), a company listed on the Stock Exchange (stock code: 2297).

Mr. Heng obtained his bachelor's degree in biology science and master's degree in immunology from Soochow University (蘇州大學) in the PRC in June 2009 and June 2012, respectively.

Independent Non-executive Directors

Mr. Tao Wuping (陶武平), aged 70, was appointed as an independent non-executive Director in November 2022. He is responsible for supervising and providing independent judgement to the Board.

Mr. Tao is a seasoned professional in the legal profession with over 37 years of experience. He was a full-time legal attorney at Shanghai United Law Firm (上海市聯合律師事務所) from August 1987 to February 1992 and at Shanghai Pu Dong International Law Office (上海浦東涉外律師事務所) (currently known as Shanghai Pu Dong Law Office (上海浦棟律師事務所)) from March 1992 to August 1994, respectively. In September 1994, Mr. Tao worked at Shanghai Shen Da Law Firm (上海市申達律師事務所) (currently known as Shanghai Keen Right Shen Da Law Firm (上海瑾之潤申達律師事務所)), acting as director till October 2016. Since October 2016, Mr. Tao has been serving as a director of Beijing Guantao (Shanghai) Law Firm (北京觀韜中茂(上海)律師事務所).

Mr. Tao has been serving as an independent director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司), a real estate development company listed on the Shanghai Stock Exchange (stock code: 660639) since July 2019. He previously worked at Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a China-based pharmaceutical company listed on the Stock Exchange (stock code: 1099) as an independent non-executive director from September 2008 to September 2014 and as an independent supervisor from June 2015 to September 2020. He also served as an independent director of Shanghai Film Co., Ltd. (上海電影股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601595) from July 2012 to August 2018.

Mr. Tao was awarded the honorary title of National Outstanding Attorney at Law (全國優秀律師) by All China Lawyers Association (中華全國律師協會) in June 2005, the first session of Eastern Attorney at Law (上海市首屆東方大律師) by Shanghai Municipal Bureau of Justice (上海市司法局) and Shanghai Bar Association (上海市律師協會) in March 2007. He currently serves as a visiting law professor at East China University of Political Science and Law (華東政法大學), East China Normal University (華東師範大學) and Shanghai Institute of Foreign Trade (上海對外經貿大學) and an arbitrator of Shanghai Arbitration Commission (上海仲裁委員會).

Mr. Tao obtained a bachelor's degree in Chinese from Shanghai Normal University (上海師範大學) in January 1983 in the PRC and a master's degree in law from Fudan University (復旦大學) in June 1997 in the PRC. He obtained the legal professional qualification of the PRC in October 1985.

Dr. Song Ruilin (宋瑞霖), aged 62, was appointed as an independent non-executive Director in October 2024. He is responsible for supervising and providing independent judgement to the Board.

Dr. Song has extensive experience in the pharmaceutical industry. Dr. Song has been serving as executive president of China Pharmaceutical Innovation and Research Development Association (中國醫藥創新促進會) since September 2009, specializing in the research of pharmaceutical policies in China.

Dr. Song previously held the position of independent director in several listed companies. From November 2008 to November 2014, Dr. Song served as an independent director of Jointown Pharmaceutical Group Co., Ltd. (九州通醫集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600998). He also has been an independent director of Zhejiang Jolly Pharmaceutical Co., Ltd. (浙江佐力藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300181) from July 2009 to January 2014. From June 2015 to June 2021, Dr. Song served as an independent director of Shanxi Zhendong Pharmaceutical Co., Ltd. (山西振東製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300158). He subsequently took the position of independent director of Tibet Aim Pharm. Inc. (西藏易明西雅醫藥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002826) from August 2015 to August 2021. From March 2017 to February 2021, Dr. Song served as an independent director of Jiangxi Boya Bio-pharmaceutical Co., Ltd. (江西博雅生物製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300294). He subsequently served as an independent director of Shenzhen Chipscreen Bioscience 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 June 2018 to March 2024.

Dr. Song has been holding directorships in the following listed companies:

Company name	Position	Date of appointment and resignation
Luye Pharma Group Ltd. (綠葉製藥集團有限公司) (a company listed on the Stock Exchange (stock code: 2186))	Non-executive director	Since March 2017
Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司) (a company listed on the Stock Exchange (stock code: 2696))	Independent non-executive director	Since September 2019
Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司) (a company listed on the Stock Exchange (stock code: 2096))	Independent non-executive director	Since November 2019

Company name	Position	Date of appointment and resignation
Jacobio Pharmaceuticals Group Co., Ltd. (加科思藥業集團有限公司) (a company listed on the Stock Exchange (stock code: 1167))	Independent non-executive director	Since December 2020
Mediwelcome Healthcare Management & Technology Inc. (麥迪衛康健康醫療管理科技股份有限公司) (a company listed on the Stock Exchange (stock code: 2159))	Independent non-executive director	Since December 2020

Dr. Song obtained a bachelor's degree in law from Chinese University of Political Science and Law (中國政法大學) in July 1985 in the PRC, a master's degree in business administration from China Europe International Business School in November 2004 in the PRC and a doctorate degree in social and administrative pharmacy from China Pharmaceutical University in December 2018 in the PRC.

Notwithstanding Dr. Song's engagement as the non-executive director, independent non-executive director or independent director of five companies listed on the Stock Exchange or Shanghai Stock Exchange, respectively, as advised and confirmed by Dr. Song, he has sufficient time to act as our independent non-executive Director based on the following:

(i) none of his current engagement as the non-executive director, independent non-executive director or independent director of those listed companies would require his full time involvement and he does not participate in the day-to-day operations and management of those listed companies;

(ii) with his background and experience, he is fully aware of the responsibilities and expected time involvements for an independent non-executive Director. He has not found any difficulties in devoting his time to multiple companies and he is confident that, with his experience in taking on multiple corporate roles, he will be able to discharge his duties to our Company;

(iii) none of the listed companies that he has directorship with has questioned or complained about his time devoted to such listed companies; and

(iv) his role in our Group is non-executive in nature and he will not be involved in the daily operations and management of our Group's business. Thus his engagement as an independent non-executive Director will not require his full-time participation.

Based on the foregoing, we do not have reasons to believe that the various positions currently held by Dr. Song will result in Dr. Song not having sufficient time to act as our independent non-executive Director or not properly discharging his duties as our independent non-executive Director.

Mr. Chan Heung Wing Anthony (陳向榮), aged 51, was appointed as an independent non-executive Director in May 2025. He is responsible for supervising and providing independent judgement to the Board.

Mr. Chan has more than 26 years of experience in the legal industry. He has worked as a lawyer for more than 24 years at various law firms since July 2000, and he is currently a partner of KEMP M.B. LLP. Since May 2024, Mr. Chan has also been serving as the independent non-executive director of Sunho Biologics, Inc. (a company listed on the Stock Exchange (stock code: 2898)) as well as the chairperson of its audit committee.

Mr. Chan obtained his bachelor's degree in law and his bachelor's degree in commerce with a major in finance from the University of New South Wales in New South Wales in October 1997. He obtained his postgraduate certificate in laws from the University of Hong Kong (香港大學) in Hong Kong in June 1998. He further obtained his master's degree in accounting from Central Queensland University in Queensland in March 2004. Mr. Chan was admitted as a solicitor in Hong Kong in July 2000. He has been a member of the American Institute of Certified Public Accountants since March 2006.

SUPERVISORS

The following table sets forth the key information about the Supervisors.

Name	Age	Position	Responsibilities	Date of the appointment as a Supervisor	Date of joining the Group
Mr. Yue Jianjun (樂建軍). . . .	46	Chairman of the Supervisory Committee	Responsible for chairing the activities of the Supervisory Committee, supervising the performance of the Board and the senior managements of the Company, and supervising the business and financial activities of the Group	November 23, 2022	July 8, 2021

Name	Age	Position	Responsibilities	Date of the appointment as a Supervisor	Date of joining the Group
Dr. Li Yuanpeng (李遠鵬). . . .	47	Supervisor	Responsible for supervising the performance of the Board and operational and financial activities of the Group	October 30, 2024	June 30, 2023
Ms. Shao Anna (邵安娜). . . .	28	Employee Representative Supervisor	Responsible for supervising the performance of the Board and operational and financial activities of the Group	November 23, 2022	September 10, 2018

Mr. Yue Jianjun (樂建軍), aged 46, joined the Group in July 2021 as a quality director of Shanghai Innogen Biomedical Engineering Co., Ltd. (上海銀諾生物醫藥工程有限公司), responsible for the establishment and maintenance of quality system and the market release of clinical and commercial drugs. He was appointed as the chairman of the Supervisory Committee in November 2022. Mr. Yue is responsible for chairing the activities of the Supervisory Committee, supervising the performance of the Board and the senior managements of the Company, and supervising the business and financial activities of the Group.

Mr. Yue has over 20 years of experience in pharmaceutical manufacturing management. Prior to joining our Group, Mr. Yue was responsible for quality control at several pharmaceutical providers, including (i) Hubei Furen Pharmaceutical Co., Ltd. (湖北福人藥業股份有限公司) as a quality researcher from September 2003 to October 2004, where he was responsible for research on the quality standard of natural drugs; (ii) Hangzhou Chinese Peptide Co., Ltd. (杭州中肽生化有限公司) (currently known as Chinese Peptide Co., Ltd. (中肽生化有限公司)) as a quality researcher from April 2005 to March 2006, where he was responsible for research on the quality standard of polypeptide injection and the preparation freeze-drying process; (iii) Zhejiang Goldpharma Pharmaceutical Company (浙江金明藥業有限公司) successively as an analyst, technician, supervisor and manager from June 2006 to December 2009, where he was responsible for management of the daily operations of quality control laboratories and studies on analysis method; (iv) Ningbo Amerigen Pharmaceutical Co., Ltd. (寧波愛美津醫化新材料有限公司) from December 2009 to December 2010 as manager of quality control and R&D analysis, where he was responsible for management of the daily operations of quality control laboratories and studies on analysis method; (v) Shanghai Desano Pharmaceutical Co., Ltd. (上海迪賽諾化學製藥有限公司) as a director of quality control from January 2011 to December 2013, where he was responsible for management of the daily operations of quality control laboratories; and (vi) PB Gelatine (Wenzhou) Co., Ltd. (普邦明膠(溫州)有限公司) as the head of quality control from December 2013 to January 2016, where he was responsible for maintaining the quality system of pharmaceutical excipients and managing laboratories. Mr. Yue then took the position of consultant at Abioplus Enterprise Management Consulting (Shanghai) Co., Ltd. (洛施德企業管理諮詢(上海)有限公司) from December 2015 to July 2017 and was promoted to a senior consultant at Beijing Abioplus Enterprise Management Consulting Co., Ltd. (北京洛施德企業管理諮詢有限公司), where he provided consulting services in relation to sterile drugs and biological products until July 2021.

Mr. Yue obtained a bachelor's degree in Chinese medicine from Hubei University (湖北中醫藥大學) in July 2003 in the PRC. He joined the on-job postgraduate program and received his master's degree in medicine from Zhejiang University (浙江大學) in December 2015 in the PRC.

Dr. Li Yuanpeng (李遠鵬), aged 47, served as an independent director of the Company from June 2023 to October 2024 and was appointed as a Supervisor in October 2024. He is responsible for supervising the performance of the Board and operational and financial activities of the Group.

Dr. Li has around 18 years of experience in accounting, management and corporate governance. He served as an assistant professor from July 2006 to December 2012 and has been serving as an associate professor since January 2013 at School of Management of Fudan University (復旦大學管理學院). He has been an honorary associate professor at Hong Kong University since September 2017.

Dr. Li has been holding or held directorships in the following companies:

Company name	Position	Date of appointment and resignation
Shanghai Lily&Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605136))	Independent Director	May 2016 to March 2022
Goldcard Smart Group Co., Ltd. (金卡智能集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300349))	Independent director	December 2018 to December 2024
Changzhou Zhongheng New Material Co., Ltd. (常州鐘恒新材料股份有限公司)	Independent director	Since July 2020
Hangzhou SDIC Microelectronics Inc. (杭州晶華微電子股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688130))	Independent director	December 2020 to December 2023
Henan Goroe Electronic Technology Co., Ltd. (河南國容電子科技股份有限公司)	Independent director	Since December 2021
PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司)	Independent non-executive director	Since November 2021

Dr. Li obtained a bachelor's degree in financial management from Jilin University (吉林大學) in the PRC in July 1999, a master's degree in accounting from Tianjin Business School (天津商學院) (currently known as Tianjin University of Commerce (天津商業大學)) in the PRC in June 2002 and a doctorate degree in accounting from Fudan University (復旦大學) in the PRC in July 2006.

Ms. Shao Anna (邵安娜), aged 28, was appointed as an employee representative Supervisor in November 2022. She is responsible for supervising the performance of the Board and operational and financial activities of the Group.

Prior to joining the Group, Ms. Shao served as a pharmacist at Gongli Hospital of Shanghai Pudong New Area (上海市浦東新區公利醫院) from July 2018 to September 2018. Ms. Shao joined the Group in September 2018, successively serving as a clinical research associate, an associate project manager and a project manager at Shanghai Innogen Pharmaceutical Technology Co., Ltd. (上海銀諾醫藥技術有限公司).

Ms. Shao completed the studies in pharmacy from Shanghai Aurora College (上海震旦職業學院) in July 2018 in the PRC. Ms. Shao then completed the studies in pharmacy from East China University of Science and Technology (華東理工大學) in January 2023 in the PRC.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of the appointment as senior management	Date of joining the Group
Dr. Wang	65	Chairman of the Board, executive Director, and general manager of the Company	Responsible for the overall strategic planning and making key business and operational decisions of the Group	December 5, 2014	December 5, 2014
Ms. Jiang Fan (姜帆)	40	Executive Director, vice president and head of finance of the Company, and secretary to the Board	Responsible for corporate investment and finance, the overall financial planning and analysis and strategic planning of the Group	November 23, 2022	December 25, 2020
Ms. Xu Wenjie (徐文潔). . . .	53	Executive Director, senior vice president of the Company	Responsible for the overall product commercialization and business development of the Group	November 23, 2022	April 12, 2022
Mr. Huang Bing (黃冰)	46	Executive Director and vice president of the Company	Responsible for the production and storage of drugs, the construction of commercial production bases, and providing guidance on the regulatory approval process of the Group	November 23, 2022	October 9, 2020

For the biographical details of Dr. Wang, Ms. Jiang Fan, Ms. Xu Wenjie and Mr. Huang Bing, see "— Directors" in this section.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

(i) save as disclosed above, none of the Directors, Supervisors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(ii) none of the Directors, Supervisors or members of the senior management of the Company was related to any other Directors, Supervisors and members of the senior management;

(iii) save as disclosed in "Statutory and General Information," none of the Directors, Supervisors or chief executive officer of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and

(iv) there was no additional matter with respect to the appointment of the Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

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

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

Rule 3.09D of the Listing Rules

Each of our Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules on October 14, 2024 or June 3, 2025; and (ii) understood his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his or her independence at the time of his or her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Jin Jin (金今) and Ms. Sze Suet Ling (施雪玲) as our joint company secretaries on October 30, 2024, with effect from December 2, 2024.

Ms. Jin Jin (金今), aged 42, was appointed as one of our joint company secretaries in October 2024. She has been serving as a deputy director of the securities affair department of the Company since March 2023.

Ms. Jin has over 15 years of experience in investor relations management, company secretarial services and other capital markets related affairs. Prior to joining the Group, she served as a professional manager of investor relations at Li Ning Sports (Shanghai) Co., Ltd. (李寧體育(上海)有限公司) from May 2008 to February 2014, which is controlled by Li Ning Company Limited (李寧有限公司), a company listed on the Stock Exchange (stock code: 2331). From August 2014 to November 2017, she served as the secretary of the board of directors at Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (上海大生農業金融科技股份有限公司), a company previously listed on the Stock Exchange (stock code: 1103), where she was responsible for matters relating to corporate governance, information disclosure and investor relations. From May 2018 to May 2019, she served as a director of capital markets at Sunkwan Properties Group Limited (上坤地產集團有限公司), a company listed on the Stock Exchange (stock code: 6900), responsible for its initial public offering filing related affairs. From May 2020 to February 2022, she served as a deputy director of domestic capital markets at I-Mab Biopharma (Shanghai) Co., Ltd. (天境生物科技(上海)有限公司), the operating entity of I-Mab (a company listed on Nasdaq (ticker symbol: IMAB)) within China. From February

2022 to December 2022, she concurrently served as the director of capital markets and the secretary of the board of directors at SCG (Shanghai) Biopharmaceutical Co., Ltd. (星漢德(上海)生物醫藥有限公司), responsible for equity financing and capital markets related matters.

Ms. Jin obtained a master's degree in finance from East China Normal University (華東師範大學) in July 2007 in the PRC. Ms. Jin received the Qualification Certificates of Board Secretary for Main Board and STAR Market from the Shanghai Stock Exchange in February 2015 and September 2021, respectively.

Ms. Sze Suet Ling (施雪玲), aged 40, was appointed as one of our joint company secretaries in October 2024. She currently serves as an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited.

Ms. Sze has over 15 years of experience in corporate governance and company secretarial practice in listed companies on the Main Board of the Stock Exchange. Ms. Sze is a Chartered Secretary, a Chartered Governance Professional, and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a full-member of Hong Kong Investor Relations Association.

Ms. Sze obtained a bachelor's degree in business administration and management from the University of Huddersfield in November 2007 in the United Kingdom and a master's degree in corporate governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in June 2014.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy 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 D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Chan Heung Wing Anthony, Mr. Tao Wuping and Dr. Song Ruilin, with Mr. Chan Heung Wing Anthony currently serving as the chairman. Mr. Chan Heung Wing Anthony has the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

(i) proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;

(ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;

(iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

(iv) 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 Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. Upon [**REDACTED**], the Nomination Committee will consist of five Directors, namely Dr. Wang, Mr. Tao Wuping, Mr. Chan Heung Wing Anthony, Ms. Jiang Fan and Dr. Song Ruilin, with Dr. Wang serving as the chairman. The primary duties of the Nomination Committee include, but are not limited to, the following:

(i) conducting extensive search and providing our Board with suitable candidates for our Directors, general managers and other members of the senior management;

(ii) reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(iii) 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;

(iv) assessing the independence of the independent non-executive Directors;

(v) supporting the Company's regular evaluation of our Board's performance; and

(vi) dealing with other matters that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Tao Wuping, Dr. Song Ruilin and Dr. Wang, with Mr. Tao Wuping currently serving as the chairman. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

(i) advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;

(ii) monitoring the implementation of the remuneration system of the Company;

(iii) making recommendations on the remuneration packages of our Directors and senior management; and

(iv) other duties conferred by our Board.

Strategy Committee

We have established a Strategy Committee consisting of three Directors, namely Dr. Wang, Ms. Xu Wenjie and Ms. Jiang Fan, with Dr. Wang currently serving as the chairman. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) employment contracts and (ii) confidentiality, intellectual property and non-competition agreements with our key management members and technical staff. Set forth below are the key terms of these contracts or agreements we normally enter into with these individuals.

Confidentiality

During the course of employment and thereafter, the employee is required to maintain strict confidentiality regarding all proprietary and confidential information of the Company, including but not limited to commercial and technical secrets, customer information, business strategies, and any other data that is deemed confidential by the Company. The employee is prohibited from using or disclosing this information without the Company's prior written consent, except as necessary to discharge his or her duties as an employee of the Group. Upon termination of employment, the employee must return all documents and materials containing confidential information to the Company and continue to uphold confidentiality obligations as long as the information remains non-public.

Non-competition

The employee agrees not to engage in any activities that would compete with the Company's business during his or her employment and for a period of two years following the termination of his or her employment. This includes not holding any position or providing any services to competitors, directly or indirectly. The employee is also prohibited from soliciting

or inducing other employees to leave the Company or from engaging in any business that could harm the Company's competitive position. The employee must also avoid any actions that could interfere with the Company's business relationships with its clients, suppliers, or partners.

Intellectual Property Rights

Any inventions, works, designs, or other intellectual property developed by the employee during his or her employment, or within one year after termination if related to his or her job duties or created using the Company's resources, shall belong exclusively to the Company. This includes all patents, copyrights, trademarks, and other intellectual property rights. The employee is required to transfer all such rights to the Company and cooperate in registering these rights as necessary.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

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 responsibilities between the chairperson and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairperson and general manager and Dr. Wang currently performs these two roles. The Board believes that vesting the roles of both the chairperson and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning and implementation of the Board's decisions for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairperson of the Board and the general manager of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company intends to comply with all code provisions under the Corporate Governance Code after the [**REDACTED**].

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, industry

experience, cultural and education background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as overall management and strategic development. They obtained degrees in various areas including biochemistry, finance, business administration, biotechnology and law. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises two female Directors and seven male Directors, ranging from 37 years old to 70 years old.

With regard to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by the Nomination Committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the [**REDACTED**], the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' AND SUPERVISORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in the forms of salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind paid to the Directors and Supervisors for the years ended December 31, 2023 and 2024 amounted to RMB529.0 million and RMB27.6 million, respectively. The

aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind incurred by the five highest-paid individuals (including four and four Directors, respectively) of the Group for the years ended December 31, 2023 and 2024 amounted to RMB529.3 million and RMB26.8 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB21.2 million. The actual remuneration of Directors and Supervisors for 2025 may be different from the expected remuneration.

For the years ended December 31, 2023 and 2024, there were four and four Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB4.1 million and RMB2.4 million, for the years ended December 31, 2023 and 2024, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISER

The Company has appointed Gram Capital Limited as our Compliance Adviser in compliance with Rules 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 the Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to the Company 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 the Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform the 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 [**REDACTED**] and is expected to end on the date on which the 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 [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of the Company was RMB420,262,949 comprising 420,262,949 Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
		(%)
Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares(1)	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of the Company."

Immediately following the completion of the [**REDACTED**] and conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares(1)	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of the Company."

OUR SHARES

The H Shares, to be issued following the completion of the [**REDACTED**] and converted from the Unlisted Shares, and the Unlisted Shares are ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, investors of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

The Unlisted Shares are currently not [**REDACTED**] or [**REDACTED**] on any stock exchange.

According to the regulations by the CSRC and our Articles of Association, the holders of these 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 upon the [**REDACTED**], and such converted Shares may be [**REDACTED**] and [**REDACTED**] on an overseas stock exchange provided that the conversion, [**REDACTED**] and [**REDACTED**] of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, [**REDACTED**] and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As the [**REDACTED**] of additional Shares after the [**REDACTED**] 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 [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No Shareholder voting is required for the conversion of such

Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any application for [**REDACTED**] of the converted shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Share register, and the Company will re-register such Shares on the [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on the [**REDACTED**] of the Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the General Rules of [**REDACTED**] and the [**REDACTED**] Operational Procedures in force from time to time. Until the converted Shares are re-registered on the [**REDACTED**] of the Company, such Shares would not be [**REDACTED**] as H Shares.

DOMESTIC PROCEDURES

The Shareholders who apply for H Share Full Circulation ("Full Circulation Participating Shareholders") may only [**REDACTED**] the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and [**REDACTED**]:

(i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [**REDACTED**] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, crossborder settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "Domestic Securities Company") to provide services such as the transmission of sale orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the "Hong Kong Securities Company") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by the Shenzhen Stock Exchange;

(iii) The Shenzhen Stock Exchange shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Unlisted Shares converted and increased by the number of H Shares so converted.

A Shareholder holding Unlisted Shares not converted into H Shares can work with the Company according to the Articles of Association and follow the procedures set out in this document to convert the Unlisted Shares into H Shares after the [**REDACTED**] if they want, provided that such conversion of Unlisted Shares into and [**REDACTED**] and [**REDACTED**] of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any [**REDACTED**] of shares by a company cannot be transferred within one year from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

The Directors, Supervisors and members of the senior management of the Company shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by the 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 the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the Shares are [**REDACTED**] and [**REDACTED**], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by the Directors, Supervisors and members of senior management of the Company.

As far as the Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the conversion of the Unlisted Shares into H Shares, the following persons will have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to the Company pursuant to 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 the Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)				
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares[1]	Number and description of the H Shares	Approximate percentage of interest in the H Shares[1]	Approximate percentage of interest in the Company[1]
			%		%		%	%
Dr. Wang	Beneficial owner	46,219,556 Unlisted Shares	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation[2]	78,124,970 Unlisted Shares	18.59	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest jointly held with another person[3]	27,253,600 Unlisted Shares	6.48	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hong Kong Innogen . .	Beneficial owner	12,750,222 Unlisted Shares	3.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hong Kong Invengen . .	Beneficial owner	27,253,600 Unlisted Shares	6.48	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest jointly held with another person[2][3]	124,344,526 Unlisted Shares	29.59	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Nuopa[2] . .	Beneficial owner	32,774,646 Unlisted Shares	7.80	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Nuosu[2] . .	Beneficial owner	28,960,102 Unlisted Shares	6.89	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Nuotang[2] . .	Interest in controlled corporation	65,374,748 Unlisted Shares	15.56	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)				
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares[1]	Number and description of the H Shares	Approximate percentage of interest in the H Shares[1]	Approximate percentage of interest in the Company[1]
			%		%		%	%
JINGDE (GUANGZHOU)[4][5]	Beneficial owner	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
SEA CHINA FUND[4]	Interest in controlled corporation	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KOREA INVESTMENT & SECURITIES Co., Ltd. ("**KIS**")[4]	Interest in controlled corporation	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KIP Shanghai[5]	Interest in controlled corporation	41,731,556 Unlisted Shares	9.93	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KIP[5]	Interest in controlled corporation	41,731,556 Unlisted Shares	9.93	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KIH[5]	Interest in controlled corporation	41,731,556 Unlisted Shares	9.93	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cowin China Fund II[6][7]	Beneficial owner	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cowin Capital Investment II[6]	Interest in controlled corporation	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cowin Capital Investment[6]	Interest in controlled corporation	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cowin Capital Investment III Limited ("**Cowin Capital Investment III**")[6]	Interest in controlled corporation	26,556,444 Unlisted Shares	6.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zheng Weihe[6][7]	Interest in controlled corporation	43,971,131 Unlisted Shares	10.46	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)				
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares[1]	Number and description of the H Shares	Approximate percentage of interest in the H Shares[1]	Approximate percentage of interest in the Company[1]
			%		%		%	%
Huang Li[6][7]	Interest in controlled corporation	43,971,131 Unlisted Shares	10.46	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Palace Investments[8]	Beneficial owner	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PavCap Fund I[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PavCap I Feeder No. 1 LP[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pavilion Capital GP Pte. Ltd.[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pavilion Capital[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Linden Investments Pte. Ltd.[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fullerton Fund Investments Pte. Ltd.[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Temasek[8]	Interest in controlled corporation	25,344,931 Unlisted Shares	6.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Industrial Investment[9][10]	Beneficial owner	22,594,783 Unlisted Shares	5.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Industrial Investment Private Fund[9]	Interest in controlled corporation	22,594,783 Unlisted Shares	5.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Industrial Investment Capital[9]	Interest in controlled corporation	22,594,783 Unlisted Shares	5.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)				
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares[1]	Number and description of the H Shares	Approximate percentage of interest in the H Shares[1]	Approximate percentage of interest in the Company[1]
			%		%		%	%
Guangzhou State-owned Development[9][10] . .	Interest in controlled corporation	22,594,783 Unlisted Shares	5.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Industrial Master Fund[10] . . .	Interest in controlled corporation	22,594,783 Unlisted Shares	5.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CICC Biomedical Fund[11].	Beneficial owner	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CICC Capital Management Co., Ltd. (中金資本運營有限公司)[11]	Interest in controlled corporation	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
China International Capital Corporation Limited[11]	Interest in controlled corporation	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Henan CICC Huirong[11]	Interest in controlled corporation	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Henan Innovation Investment Group Co., Ltd. (河南創新投資集團有限公司) ("**Henan Innovation Investment**")[11] . . .	Interest in controlled corporation	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Henan Investment Group Co., Ltd. (河南投資集團有限公司) ("**Henan Investment**")[11] . .	Interest in controlled corporation	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Department of Finance of Henan Province (河南省財政廳)[11] . .	Interest in controlled corporation	7,843,361 Unlisted Shares	1.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangkong Industrial Investment[12]	Beneficial owner	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)				
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares[1]	Number and description of the H Shares	Approximate percentage of interest in the H Shares[1]	Approximate percentage of interest in the Company[1]
			%		%		%	%
Huayin Investment[12] .	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Pharmaceutical High Tech Industrial Investment Development Co., Ltd. (泰州醫藥高新技術產業投資發展有限公司) ("**Taizhou High Tech**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Medical High Tech Industrial Development Zone (Gaogang District, Taizhou City) Finance Bureau (泰州醫藥高新技術產業開發區(泰州市高港區)財政局) ("**Taizhou Finance Bureau**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Everbright Taiyuan[12] .	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Guangkong Jiayuan Equity Investment Partnership Enterprise (Limited Partnership) (泰州光控嘉源股權投資合夥企業(有限合夥)) ("**Guangkong Jiayuan**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)				
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Unlisted Shares	Approximate percentage of interest in the Unlisted Shares[1]	Number and description of the H Shares	Approximate percentage of interest in the H Shares[1]	Approximate percentage of interest in the Company[1]
			%		%		%	%
Taizhou Guangkong Jiafeng Equity Investment Co., Ltd. (泰州光控嘉豐股權投資有限公司) ("**Guangkong Jiafeng**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Guangkong Xiangtai Investment Co., Ltd. (泰州光控祥泰投資有限公司) ("**Guangkong Xiangtai**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taizhou Guangkong Investment Co., Ltd. (泰州光控投資有限公司) ("**Guangkong Investment**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
China Everbright Finance Limited (中國光大財務有限公司) ("**Everbright Finance**")[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
China Everbright Limited[12]	Interest in controlled corporation	4,826,684 Unlisted Shares	1.15	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Unlisted Shares and (ii) [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be issued upon the exercise of the [**REDACTED**]).

(2) As of the Latest Practicable Date, Shanghai Nuotang, an entity wholly-owned by Dr. Wang, was the general partner of the Employee Incentive Platforms. As a result, each of Shanghai Nuotang and Dr. Wang is deemed to be interested in the 65,374,748 Shares held by the Employee Incentive Platforms under the SFO.

As of the Latest Practicable Date, Hongkong Innogen was wholly-owned by Dr. Wang. As a result, Dr. Wang is deemed to be interested in the 12,750,222 Shares held by Hongkong Innogen under the SFO.

(3) Pursuant to the Concert Party Agreement entered into between Dr. Wang and Hong Kong Invengen, Dr. Wang and Hong Kong Invengen agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings of the Company; and (ii) that when no consensus can be reached, Hong Kong Invengen shall vote in concurrence with Dr. Wang on the proposals. As a result, each of Dr. Wang and Hong Kong Invengen is deemed to be interested in all the Shares in which each of them is interested under the SFO.

(4) As of the Latest Practicable Date, SEA CHINA FUND held approximately 50.26% limited partnership interest in JINGDE (GUANGZHOU). SEA CHINA FUND was managed by its general partner KIP and KIS held approximately 83.67% partnership interest in SEA CHINA FUND. KIS was wholly-owned by KIH (a company listed on the KOSDAQ (stock code: 071050)). As a result, each of SEA CHINA FUND, KIP, KIS and KIH is deemed to be interested in the 26,556,444 Shares held by JINGDE (GUANGZHOU) under the SFO.

(5) As of the Latest Practicable Date, JINGDE (GUANGZHOU) and KIP (ZHANGJIAGANG) were managed by their general partner KIP Shanghai. KIP BRIGHT II was managed by KIP CHENGDU EQUITY INVESTMENT MANAGEMENT PARTNERSHIP (LP), which was in turn also managed KIP Shanghai. KIP Shanghai was wholly-owned by KIP, which was in turn wholly-owned by KIH (a company listed on the KOSDAQ (stock code: 071050)). As a result, each of KIP Shanghai, KIP and KIH is deemed to be interested in the 41,731,556 Shares held by JINGDE (GUANGZHOU), KIP (ZHANGJIAGANG) and KIP BRIGHT II under the SFO.

(6) As of the Latest Practicable Date, Cowin China Fund II was managed by its general partner Cowin Capital Investment II, which was in turn owned as to 70.00% by Cowin Capital Investment. Cowin Capital Investment was wholly-owned by Cowin Capital Investment III, which was owned as to 50.00% and 50.00% by Zheng Weihe and Huang Li, respectively. As a result, each of Cowin Capital Investment II, Cowin Capital Investment, Cowin Capital Investment III, Zheng Weihe and Huang Li is deemed to be interested in the 26,556,444 Shares held by Cowin China Fund II under the SFO.

(7) As of the Latest Practicable Date, general partners of Cowin Chengtai and Hefei Cowin were all wholly-owned by Shenzhen Cowin, which was in turn owned as to 35.01% by Shenzhen Cowin Investment Management Co., Ltd (深圳同創偉業創業投資管理有限公司). Shenzhen Cowin Investment Management Co., Ltd. was owned as to 55.00% and 45.00% by Huang Li and Zheng Weihe, respectively. As a result, each of Huang Li and Zheng Weihe is deemed to be interested in the 43,971,131 Shares held by Cowin China Fund II, Cowin Chengtai and Hefei Cowin under the SFO.

(8) As of the Latest Practicable Date, Palace Investments was wholly-owned by PavCap Fund I, which was in turn wholly-owned by PavCap I Feeder No. 1 LP. PavCap I Feeder No. 1 LP was solely controlled by Pavilion Capital GP Pte. Ltd., which was in turn wholly-owned by Pavilion Capital. Pavilion Capital was wholly-owned by Linden Investments Pte. Ltd., which was in turn wholly-owned by Fullerton Fund Investments Pte. Ltd., which in turn was a wholly-owned subsidiary of Temasek. As a result, each of PavCap Fund I, PavCap I Feeder No. 1 LP, Pavilion Capital GP Pte. Ltd., Pavilion Capital, Linden Investments Pte. Ltd., Fullerton Fund Investments Pte. Ltd. and Temasek is deemed to be interested in the 25,344,931 Shares held by Palace Investments under the SFO.

(9) As of the Latest Practicable Date, Guangzhou Industrial Investment was managed by its general partner Guangzhou Industrial Investment Private Fund, which was in turn owned as to 91.00% by Guangzhou Industrial Investment Capital. Guangzhou Industrial Investment Capital was wholly-owned by Guangzhou State-owned Development, which was in turn owned as to approximately 91.55% by State-owned Assets Supervision and Administration Commission of Guangzhou Municipal People's Government. As a result, each of Guangzhou Industrial Investment Private Fund, Guangzhou Industrial Investment Capital and Guangzhou State-owned Development is deemed to be interested in the 22,594,783 Shares held by Guangzhou Industrial Investment under the SFO.

(10) As of the Latest Practicable Date, Guangzhou Industrial Master Fund owned approximately 99.98% limited partnership interest in Guangzhou Industrial Investment. Guangzhou Industrial Master Fund was wholly-owned by Guangzhou State-owned Development. As a result, Guangzhou Industrial Master Fund is deemed to be interested in the 22,594,783 Shares held by Guangzhou Industrial Investment under the SFO.

(11) As of the Latest Practicable Date, CICC Biomedical Fund was managed by its general partner CICC Capital Management Co., Ltd., which was in turn wholly-owned by China International Capital Corporation Limited (a company listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995)).

As of the Latest Practicable Date, Henan CICC Huirong, through its controlled entities, indirectly owned approximately 39.84% limited partnership interest in CICC Biomedical Fund. Henan CICC Huirong was owned as to 50.00% by Henan Innovation Investment and 50.00% by CICC Capital Management Co., Ltd. Henan Innovation Investment was wholly-owned by Henan Investment, which was in turn wholly-owned by Department of Finance of Henan Province.

As a result, each of CICC Capital Management Co., Ltd., China International Capital Corporation Limited, Henan CICC Huirong, Henan Innovation Investment, Henan Investment and Department of Finance of Henan Province is deemed to be interested in the 7,843,361 Shares held by CICC Biomedical Fund under the SFO.

(12) As of the Latest Practicable Date, Guangkong Industrial Investment was managed by its general partner Guangkong Jiayuan, whose general partner was Guangkong Jiafeng. Guangkong Jiafeng was wholly-owned by Guangkong Xiangtai, which was in turn wholly-owned by Guangkong Investment. Guangkong Investment was wholly owned by Everbright Finance, a wholly-owned subsidiary of China Everbright Limited (a company listed on the Stock Exchange (stock code: 0165)).

As of the Latest Practicable Date, Huayin Investment and Everbright Taiyuan owned approximately 50.00% and 39.00% limited partnership interest in Guangkong Industrial Investment, respectively. Huayin Investment was owned as to approximately 41.76% by Taizhou High Tech, which was in turn wholly-owned by Taizhou Finance Bureau. Everbright Taiyuan was wholly-owned by Guangkong Xiangtai. As a result, each of Guangkong Jiayuan, Guangkong Jiafeng, Guangkong Xiangtai, Guangkong Investment, Everbright Finance, China Everbright Limited, Huayin Investment, Everbright Taiyuan, Taizhou High Tech and Taizhou Finance Bureau is deemed to be interested in the 4,826,684 Shares held by Guangkong Industrial Investment under the SFO.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report set out in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

For the purpose of this section, unless the context otherwise requires, references to 2023 and 2024 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the first company in Asia and third globally to commercialize an innovative, humanized, long-acting glucagon-like peptide-1 (GLP-1) receptor agonist. We have commercialized Efsubaglutide Alfa (brand name: Diabegone), our Core Product for the treatment of type 2 diabetes (T2D) in China. As a science-driven and innovation-oriented biopharmaceutical company, we are at the forefront of developing novel therapies for diabetes and other metabolic diseases. With fully integrated, end-to-end capabilities across research and development, manufacturing, and commercialization, we aspire to become a global leader for the treatment of diabetes and other metabolic diseases.

We did not generate any revenue from product sales during the Track Record Period. Our loss was approximately RMB733.4 million and RMB174.7 million in 2023 and 2024, respectively. Substantially all of our operating losses resulted from research and development expenses, and administrative expenses during the Track Record Period.

We expect to incur significant expenses for at least the next several years as we continue to advance our clinical development and pre-clinical research plans, and to prepare for the commercialization of our Core Product following its market launch. Subsequent to the [**REDACTED**], our financial performance may fluctuate from period to period due to, among other factors, the development status of our drug candidates, regulatory approval timeline, and commercialization of our drug candidates after approval.

BASIS OF PREPARATION

Our Company was established in mainland China as a limited liability company. On December 6, 2022, the Company was converted into a joint stock company with limited liability. See "History, Development and Corporate Structure — Establishment and Corporate Development."

The historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period. These financial statements have been prepared under the historical cost convention, except for wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to successfully develop and commercialize our drug candidates, including our Core Product, Efsubaglutide Alfa. The BLAs for Efsubaglutide Alfa for the treatment of T2D both as a monotherapy and in combination with metformin were received by the NMPA in September 2023. Both therapies were approved in January 2025. We commercially launched Efsubaglutide Alfa for the treatment of T2D in China in February 2025. We are also developing Efsubaglutide Alfa for the treatment of overweight and obesity and MASH and plan to advance the clinical trials for these two expanded indications.

Extending beyond GLP-1 receptor agonists, our pipeline features a diverse range of drug candidates to capture the significant market potential in metabolic diseases. We are developing IND-enabling and pre-clinical stage candidates for the treatment of AD and metabolic diseases including overweight and obesity, MASH, T1D and T2D, and expect to enrich our product pipeline by advancing our pre-clinical stage candidates, including YN014, YN401, YN209, YN203, and YN202, to the clinical stage. Our business and results of operations depend on our drug candidates demonstrating favorable safety and efficacy results, and our ability to obtain the requisite regulatory approvals for our drug candidates.

We have received the regulatory approval for Efsubaglutide Alfa for the treatment of T2D, though we did not generate any revenue from product sales during the Track Record Period. Looking forward, we expect to commercialize one or more of our drug candidates over the coming years as they move towards the final stages of development. Our ability to generate revenue from Efsubaglutide Alfa and other drug candidates is dependent on multiple factors, including but not limited to our ability to successfully advance the clinical development, obtain regulatory approvals, secure adequate manufacturing capacity, collaborate with competent third-party sales partners, as well as to make our products accessible to, affordable for and accepted by the vast population who are in need of high-quality products that brings comprehensive clinical benefits.

Our Ability to Compete Effectively in the Industry and to Capture the Market Opportunities

There are significant unmet clinical needs in treatment and prevention of diabetes and other metabolic diseases, creating substantial market opportunities for GLP-1-based therapies, especially humanized, long-acting GLP-1 receptor agonists. According to Frost & Sullivan, the GLP-1 diabetes drug market size in China reached RMB10.1 billion in 2024 and is expected to increase to RMB84.8 billion in 2034; the GLP-1 obesity and overweight drug market size in China reached RMB0.4 billion in 2024 and is expected to increase to RMB74.6 billion in 2034.

We have been focused on developing new therapies for diabetes and other metabolic diseases. We face intense competition from existing products and product candidates under development for the treatment of the same indications for which we are developing Efsubaglutide Alfa, as well as our other drug candidates. Whether Efsubaglutide Alfa and our other future drug candidates, once approved for commercial sales, can compete effectively with other marketed drugs will materially affect our revenue and results of operations in the future. These existing drugs may also be developed for the treatment of other indications targeted by Efsubaglutide Alfa, such as overweight and obesity and MASH, or may be used off-label for such indications, which may also affect our ability to generate revenue in the future. See "Risk Factors — Risks Relating to the Commercialization of Our Drug Candidates — We face intense competition and rapid technological change. If our competitors develop therapies that are similar, more advanced, or more effective than ours, or launch biosimilar products and therapies ahead of us, our financial condition and results of operations and our ability to successfully commercialize our drug candidates could be materially and adversely affected" in this document. In addition, there are a number of large pharmaceutical and biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications for which we are developing our drug candidates. These competitors may have significantly greater financial, development, manufacturing, marketing, sales and supply resources or experience than we do. Our revenue and business may be adversely affected if our competitors succeed in developing competing drugs and obtaining regulatory approvals before us or gain better acceptance for the same target markets as ours.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

Research and development expenses have been and are expected to continue to be a major component in our cost structure. We have invested a significant portion of our efforts and financial resources in the development of our drug candidates. Our current research and development activities mainly relate to the clinical advancement of our Core Product and other drug candidates. In 2023 and 2024, our research and development expenses amounted to RMB492.1 million and RMB102.5 million, respectively. See "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses" in this section for more details. We expect to incur substantial research and development expenses for the foreseeable future as we advance the clinical development of our drug candidates to maximize their clinical and commercial potential, as well as to explore and advance the clinical development of our drug candidates for the treatment of additional indications.

During the Track Record Period, our administrative expenses included (i) employee benefits expenses, (ii) professional service fees, (iii) depreciation and amortization, and (iv) other expenses allocable to our administrative activities. See "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Administrative Expenses" for more details. In 2023 and 2024, our administrative expenses amounted to RMB255.7 million and RMB84.5 million, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. After receiving the marketing approval in China for Efsubaglutide Alfa for the treatment of T2D in January 2025, we expect to incur additional costs when implementing the commercialization strategies of Efsubaglutide Alfa. We are building up our in-house commercialization team for the ongoing commercialization of Efsubaglutide Alfa and plan to strengthen our commercialization efforts through scientific activities and dynamic promotional activities across multiple channels, both requiring significant expenditures. While we expect to continue to incur expenses for engaging third-party CDMOs to manufacture our drug candidates, we also plan to establish our in-house manufacturing capacity for the commercial production of Efsubaglutide Alfa through the construction of a new manufacturing facility. See "Future Plans and Use of [**REDACTED**]" in this document for details. Additionally, we anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong following the completion of the [**REDACTED**].

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financings. Going forward, considering the receipt of regulatory approval for Efsubaglutide Alfa for the treatment of T2D and the anticipation of successful commercialization of one or more of our drug candidates, we expect to primarily fund our operations with cash on hand, as well as funds generated from sales of our commercialized drug products. However, with the continuing expansion of our business and product pipeline, we may require further funding through public or private offerings, debt financings, collaboration arrangements and licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The discussion and analysis of our financial position and results of operations is based on our consolidated financial statements, which have been prepared in accordance with HKFRSs. The preparation of our consolidated financial statements requires management to make estimates, judgment and assumptions that affect the report amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each year of the Track Record Period. Uncertainty about these estimates and assumptions could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Our more critical accounting policies and significant estimates, assumptions and judgment are described below. See Notes 2.3 and 3 to the Accountants' Report set out in Appendix I to this document for further details of our accounting policies, estimates and judgments.

Material Accounting Policies

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 our 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.

Our 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 financial statements 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 our historical financial information on a recurring basis, our 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 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.

Intangible assets are amortized on the straight-line basis over the following estimated useful lives:

Intellectual property	10 years
Software	2 to 5 years

Intellectual property is recognized as intangible assets at historical cost and amortized using the straight-line method over its estimated useful life of ten years, which is determined by reference to the authorized useful life and the management's estimation. The estimation is made considering the useful period of the Intellectual property. It is subsequently carried at cost less accumulated amortization and impairment losses.

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when our 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.

Share-based Payments

Our Group operates a restricted share scheme. Our employees (including Directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the restricted shares granted were estimated as at the dates of grant by reference to the recent fair value of ordinary shares, using backsolve method. See Note 26 to the Accountants' Report set out in Appendix I to this document for further details.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense 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 Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of restricted shares unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is 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.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our 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, plant and equipment to its residual value over its estimated useful life. The principal annual rates and residual value rates used for this purpose are as follows:

	Residual value rate	Principal annual rates
Office and electronic equipment	0-5%	19%-25%
Lab equipment	0%	10%-20%
Transportation equipment	0%	17%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each year during the Track Record Period.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Significant Accounting Judgments and Estimates

The following are the critical judgments that our Directors have made in the process of applying our accounting policies and that have the most significant effect on the amounts recognized in the Accountants' Report.

Research and Development Expenses

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalized and deferred in accordance with the accounting policy for research and development expenses in Note 2.3 to the Accountants' Report set out in Appendix I to this document. Determining the amounts to be capitalized requires our management to make judgements on the technical feasibility of existing pipelines to be successfully commercialized and bring economic benefits to our Company.

Useful Lives of Intangible Assets

Our management determines the useful lives, residual values and related amortization charges for our Group's intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of intangible assets with similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Our management will increase the amortization charge where useful lives or residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortizable lives and hence amortization in future periods.

For details of intangible assets carried as assets in our consolidated statement of financial position, see Note 15 to the Accountants' Report set out in Appendix I to this document.

Impairment on Property, Plant and Equipment, Intangible Assets and Right-of-use Assets

At the end of each year during the Track Record Period, our Group reviews the carrying amounts of our property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, our Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a

cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period, no indication of impairment for property, plant and equipment, intangible assets and right-of-use assets are identified by our Group.

Fair Value of Performance-based Restricted Shares

Our Group estimates the number of share awards contingently issuable when determining the share-based expenses, which depends on the achievement of certain non-market performance targets of our Group under our Employee Incentive Scheme (as defined in Note 26 to the Accountants' Report set out in Appendix I to this document). This requires an estimation of the performance targets to be achieved by our Group, including completion of [**REDACTED**].

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

We received the regulatory approval for Efsubaglutide Alfa for the treatment of T2D in January 2025 though we did not generate any revenue from product sales during the Track Record Period. Our loss for the year was approximately RMB733.4 million and RMB174.7 million in 2023 and 2024, respectively. Substantially all of our operating losses resulted from (i) research and development expenses and (ii) administrative expenses.

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	Year Ended December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Other income and gains	16,849	20,055
Research and development expenses	(492,108)	(102,511)
Administrative expenses	(255,737)	(84,460)
Selling expenses	–	(2,386)
Other expenses	(62)	(4,515)
Finance costs	(2,318)	(873)
Loss before tax	(733,376)	(174,690)
Income tax expense	–	–
Loss for the year	**(733,376)**	**(174,690)**

Other Income and Gains

During the Track Record Period, our other income consisted of (i) investment income on other investments classified as financial assets at fair value through profit or loss (FVTPL), which represents the realized gains on wealth management products issued by the PRC banks that we purchased during the Track Record Period, (ii) bank interest income, which represents interest income derived from our bank deposits, and (iii) government grants, which mainly represents subsidies from local government authorities to encourage us to conduct research and development activities.

During the Track Record Period, our gains mainly consisted of (i) foreign exchange gain, (ii) fair value gains on other investments classified as financial assets at FVTPL, in relation to fair value gains on the wealth management products issued by the PRC banks that we purchased, and (iii) gain on termination of a lease contract, as a result of our termination of the lease for a pilot facility in Shanghai. We terminated this lease in Shanghai in June 2024 based on our assessment that the designed manufacturing capacity of such pilot facility does not meet our future demands for commercial-scale production of our drug products. Instead, we plan to establish our in-house manufacturing capacity for the commercial-scale production of Efsubaglutide Alfa through the construction of a new manufacturing facility. See "Future Plans and Use of [**REDACTED**]" in this document for details.

The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year Ended December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Other income		
Investment income on other investments classified as financial assets at FVTPL	9,777	10,982
Bank interest income	4,191	3,822
Government grants	1,005	–
Gains		
Foreign exchange gain	705	697
Fair value gains on other investments classified as financial assets at FVTPL, net	1,126	192
Gain on termination of a lease contract	–	4,152
Others	45	210
Total	**16,849**	**20,055**

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) pre-clinical studies and clinical trial fees, primarily representing expenses with respect to our clinical trials and pre-clinical studies; (ii) employee benefit expenses, primarily representing wages and salaries, bonuses, non-cash share-based payments and other employee benefits for our research and development personnel; (iii) depreciation and amortization, mainly including depreciation and amortization expenses for right-of-use assets, property, plant and equipment, and intangible assets used for research and development purposes; (iv) raw materials costs, primarily in relation to fees for raw material procurement for the clinical development of our drug candidates; and (v) others. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Pre-clinical studies and clinical trial fees	125,686	59,206
Employee benefit expenses	343,660	23,465
Depreciation and amortization	14,026	14,344
Raw materials costs	5,312	1,089
Others[(1)]	3,424	4,407
Total	**492,108**	**102,511**

Note:

(1) Consists of travel related expenses, lease expenses and other miscellaneous expenses allocable to our research and development activities.

In 2023 and 2024, we incurred research and development expenses for Efsubaglutide Alfa of RMB376.1 million and RMB98.1 million, respectively, representing 76.4% and 95.7% of our total research and development expenses for the same years, respectively.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) employee benefit expenses, primarily representing wages and salaries, bonuses, non-cash share-based payments and other employee benefits for our management and administrative personnel; (ii) professional service fees, primarily representing the fees paid to professional parties in relation to finance related services, legal consulting services and human resource services; (iii) depreciation and amortization, mainly including depreciation and amortization expenses for right-of-use assets, property, plant and equipment, and intangible assets used for administrative purposes; and (iv) others. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Employee benefit expenses	238,790	44,013
Professional service fees	5,886	28,714
Depreciation and amortization	5,609	2,628
Others[(1)]	5,452	9,105
Total	**255,737**	**84,460**

Note:

(1) Consists of lease expenses and other miscellaneous expenses allocable to our administrative activities.

Selling Expenses

In 2023 and 2024, we recognized selling expenses of nil and RMB2.4 million, respectively. Our selling expenses primarily consisted of the compensation for our sales and marketing team.

Other Expenses

During the Track Record Period, our other expenses consisted mainly of (i) impairment losses, net of reversal, mainly in relation to our other receivables; and (ii) loss on disposal of items of property, plant and equipment, in relation to the disposal of equipment and machine in our previous construction projects for the pilot facility, as mentioned in "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Gains."

The following table sets forth a breakdown of our other expenses for years indicated:

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Impairment losses, net of reversal – financial assets under expected credit loss (ECL) model	62	14
Loss on disposal of items of property, plant and equipment	–	4,451
Others	–	50
Total	**62**	**4,515**

Finance Costs

During the Track Record Period, our finance costs consisted of (i) interest on lease liabilities, representing the accrued interest related to our payment obligation under our leases, and (ii) interest on bank loans and other borrowings. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Interest on lease liabilities	2,207	858
Interest on bank loans and other borrowings	111	15
Total	**2,318**	**873**

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Other Income and Gains

Our other income and gains increased from RMB16.8 million in 2023 to RMB20.1 million in 2024, primarily because we recognized gain on termination of a lease contract of RMB4.2 million in 2024 as a result of our termination of the lease for a pilot facility in Shanghai.

Research and Development Expenses

Our research and development expenses decreased from RMB492.1 million in 2023 to RMB102.5 million in 2024, primarily due to (i) a decrease in employee benefit expenses of RMB320.2 million, mainly as we recognized a significantly larger amount of share-based payments relating to restricted shares granted to our research and development personnel over their respective vesting periods in 2023, and (ii) a decrease in pre-clinical studies and clinical trial fees of RMB66.5 million, mainly as we incurred a larger amount of clinical trial expenses in 2023, as we conducted and completed the 28-week open-label treatment phase of the Phase III clinical trials of Efsubaglutide Alfa in 2023; this decrease in pre-clinical studies and clinical trial fees was partially offset by an increase of fees related to CMC studies associated with the registration of Efsubaglutide Alfa.

Administrative Expenses

Our administrative expenses decreased from RMB255.7 million in 2023 to RMB84.5 million in 2024, mainly relating to a decrease in employee benefit expenses of RMB194.8 million mainly due to that we recognized a significantly larger amount of share-based payments relating to restricted shares granted to our management and administrative personnel over their respective vesting periods in 2023, compared to 2024. This decrease was partially offset by an increase of RMB22.8 million in professional service fees primarily due to fees paid to professional parties related to our [**REDACTED**].

Selling Expenses

Our selling expenses increased from nil in 2023 to RMB2.4 million in 2024, primarily because we incurred personnel compensation costs for our sales and marketing team in 2024 due to the implementation of our market initiatives for our Core Product, whereas no such expenses were recognized in 2023.

Other Expenses

Our other expenses increased from RMB62 thousand in 2023 to RMB4.5 million in 2024, primarily due to the loss on disposal of items of property, plant and equipment of RMB4.5 million, in relation to the disposal of equipment and machine in our previous construction projects for the pilot facility.

Finance Costs

Our finance costs decreased from RMB2.3 million in 2023 to RMB0.9 million in 2024, primarily due to a decrease in interest on lease liabilities, which was mainly attributed to our lease payments for the pilot facility in Shanghai in the first half of 2024 until the termination of this lease in June 2024.

Loss for the Year

As a result of the foregoing, our loss for the year decreased from RMB733.4 million in 2023 to RMB174.7 million in 2024.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Non-current assets		
Property, plant and equipment	17,991	13,300
Intangible assets	35,868	24,094
Right-of-use assets	36,863	–
Prepayments, other receivables and other assets	57,167	58,191
Total non-current assets	**147,889**	**95,585**
Current assets		
Inventories	3,449	29,035
Prepayments, other receivables and other assets	8,685	13,300
Financial assets at fair value through profit or loss ("FVTPL")	495,126	225,192
Bank deposits with initial term of over three months	42,545	45,147
Pledged bank deposits	250,030	30
Cash and cash equivalents	157,640	526,511
Total current assets	**957,475**	**839,215**
Current liabilities		
Trade payables	88,333	91,045
Other payables and accruals	265,247	37,312
Interest-bearing bank borrowings	1,000	9,900
Lease liabilities	4,824	–
Total current liabilities	**359,404**	**138,257**
Net current assets	**598,071**	**700,958**
Total assets less current liabilities	**745,960**	**796,543**
Non-current liabilities		
Other payables and accruals	73	72
Lease liabilities	40,762	–
Total non-current liabilities	**40,835**	**72**
Net assets	**705,125**	**796,471**

Assets

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment included (i) office and electronic equipment, (ii) lab equipment and (iii) construction in progress, primarily in relation to the previous construction projects at the pilot facility in Shanghai and laboratory improvement. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Office and electronic equipment	615	1,156
Lab equipment	12,925	12,019
Construction in progress	4,451	–
Deferred expense	–	125
Total	**17,991**	**13,300**

Our property, plant and equipment decreased from RMB18.0 million as of December 31, 2023 to RMB13.3 million as of December 31, 2024, primarily due to the derecognition of construction in progress relating to the pilot facility in Shanghai as we terminated the lease in June 2024.

Intangible Assets

During the Track Record Period, our intangible assets included (i) intellectual property and (ii) software. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Intellectual property	35,653	23,667
Software	215	427
Total	**35,868**	**24,094**

Our intangible assets decreased from RMB35.9 million as of December 31, 2023 to RMB24.1 million as of December 31, 2024, mainly due to amortization recognized during the Track Record Period.

Right-of-use Assets

During the Track Record Period, our right-of-use assets related to the lease of office premises and laboratory. Our right-of-use assets decreased from RMB36.9 million as of December 31, 2023 to nil as of December 31, 2024, primarily due to the termination of our lease for the pilot facility in Shanghai in June 2024.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets included (i) prepayments for long-term assets in relation to the advanced payments to procure equipment and machines from relevant suppliers; (ii) value-added tax recoverable, which represents our value-added tax (VAT) input tax credit that would be utilized to deduct our VAT output tax in the future; (iii) prepayments for research and development services in relation to clinical trials for our drug candidates, such as advanced payments to certain clinical trial sites; (iv) deferred [**REDACTED**] expense in relation to this [**REDACTED**]; and (v) others. The table below sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Non-current		
Prepayments for long-term assets	44,672	46,340
Value-added tax recoverable	12,495	11,851
	57,167	58,191
Current		
Prepayments for research and development services	6,464	1,677
Value-added tax recoverable	–	6,676
Deferred [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]
Others	2,372	1,521
	8,836	13,465
Impairment allowance	(151)	(165)
Total current and non-current prepayments, other receivables and other assets	**65,852**	**71,491**

Our current prepayments, other receivables and other assets increased from RMB8.7 million as of December 31, 2023 to RMB13.3 million as of December 31, 2024, mainly due to (i) an increase in value-added tax recoverable of RMB6.7 million which is expected to be realized within one year with the commercialization of Efsubaglutide Alfa, and (ii) an increase in deferred [**REDACTED**] expenses of RMB[**REDACTED**] in relation to this [**REDACTED**], partially offset by a decrease of RMB4.8 million in prepayments for research and development services, as we recognized certain such prepayments as research and development expenses following the completion of the Phase IIb/III clinical trials of Efsubaglutide Alfa for the treatment of T2D.

Our non-current prepayments, other receivables and other assets remained relatively stable as of December 31, 2023 and December 31, 2024, mainly due to a decrease of RMB0.6 million in value-added tax recoverable primarily attributable to the reclassification of value-added tax recoverable from the non-current portion to the current portion, which is offset by an increase of RMB1.7 million in prepayments for long-term assets related to our advanced payments to procure machines from a supplier.

As of April 30, 2025, approximately RMB20.5 million, representing 28.7% of our prepayments, other receivables and other assets as of December 31, 2024, were subsequently settled.

Inventories

During the Track Record Period, our inventories consisted of raw materials purchased for the development of our drug candidates. Our inventories increased from RMB3.4 million as of December 31, 2023 to RMB29.0 million as of December 31, 2024, primarily because we procured more raw materials for our R&D and manufacturing activities.

Financial Assets at Fair Value Through Profit or Loss

During the Track Record Period, our financial assets at fair value through profit or loss mainly represented our investments in wealth management products, namely, short-term and principal guaranteed structured deposits issued by reputable banks in the PRC with expected but not guaranteed with expected return rates from 1.24% to 2.80% per annum. Our financial assets at fair value through profit or loss decreased from RMB495.1 million as of December 31, 2023 to RMB225.2 million as of December 31, 2024, primarily due to the redemption of our matured wealth management products.

As part of our treasury management, we invest in certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our treasury management activities, to ensure that the purpose of investment is to preserve capital and liquidity until free cash is used in our primary business and operation. Specifically, our treasury management policies include, but not limited to that (i) we insist on investing in principal-guaranteed wealth management products such as structured deposits as our fundamental investment guideline; (ii) our finance department is in charge of assessment and purchase of wealth management products after considering the amount of our available funds and future capital needs while ensuring liquidity safety under the principle of maximizing the return on funds; and (iii) an application should be submitted to and approved by the CFO before any purchase of wealth management products. The approval from our Board of Directors is required for any significant entrusted financial investment. Under our treasury management policies, we have adopted a prudent approach in selecting wealth management products from reputable banks in the PRC.

To control our risk exposure, we have in the past sought, and may continue in the future to seek, principal-guaranteed and other low-risk wealth management products that provide better investment returns than term deposits at commercial banks. Upon the completion of the [**REDACTED**], we will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate.

Bank Deposits with Initial Term of Over Three Months

Our bank deposits with initial term of over three months relates to the time deposit in commercial banks with a term of more than three months. Our bank deposits with initial term of over three months increased from RMB42.5 million as of December 31, 2023 to RMB45.1 million as of December 31, 2024, primarily due to the acquisition of new time deposits and accrued interest on existing deposits.

Pledged Bank Deposits

Our pledged bank deposits were RMB250.0 million as of December 31, 2023, representing the capital investment funds from an investor in series B+ financing in our Series B+ Financing that were saved in a co-managed bank account, the restriction on which was subsequently removed in February 2024. Our pledged bank deposits decreased to RMB30 thousand as of December 31, 2024, mainly because the restriction on capital investment funds of RMB250.0 million was removed in February 2024 and such amount was then deposited in regular bank accounts.

Cash and Cash Equivalents

Our bank balances and cash increased from RMB157.6 million as of December 31, 2023 to RMB526.5 million as of December 31, 2024, primarily due to capital injections from our pre-[**REDACTED**] investor in Series B+ Financing and redemption of certain matured wealth management products, which was partially offset by cash used as working capital.

Liabilities

Trade Payables

Our trade payables represent the amounts due to our suppliers, such as hospitals, research centers, CROs and CDMOs, in our ordinary course of business. Our trade payables increased slightly from RMB88.3 million as of December 31, 2023 to RMB91.0 million as of December 31, 2024, primarily due to an increase in payables to a certain supplier for its manufacturing services, which was partially offset by our settlement of clinical trial fees payable to certain hospitals, research centers and certain suppliers in 2024.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Within one year	88,333	91,045

As of April 30, 2025, approximately RMB23.0 million, representing 25.3% of our trade payables as of December 31, 2024, were subsequently settled.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals consisted primarily of (i) accrued professional service expenses payable to the auditor and legal advisors for their professional services; (ii) advances from disposal of property, plant and equipment; (iii) accrued reimbursement expenses payable to employees; (iv) advanced payments from non-controlling shareholders in our Series B+ Financing; and (vi) payroll payable in relation to the salaries and bonuses payable to employees.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Non-current		
Other payables	73	72
Current		
Accrued professional service expenses	3,053	13,598
Accrued rental expenses	20	–
Accrued reimbursement expenses	799	1,413
Advanced payments from non-controlling shareholders	250,000	–
Payroll payable	9,684	14,223
Advance from disposal of PPE	–	1,000
Other tax payables	955	713
Other payables	736	6,365
Subtotal	**265,247**	**37,384**

Our other payables and accruals decreased from RMB265.2 million as of December 31, 2023, to RMB37.3 million as of December 31, 2024, mainly relating to our receipt and recognition of the proceeds from an investor in our Series B+ Financing. On January 10, 2024, we entered into a capital contribution agreement with certain of our then non-controlling shareholders and Guangzhou Industrial Investment. See "History, Development and Corporate Structure — Establishment and Corporate Development — Series B+ Financing" in this document. Pursuant to this agreement, Guangzhou Industrial Investment transferred RMB250.0 million to the escrow account at the end of 2023 prior to the investment closing. Therefore, we recognized RMB250.0 million as advanced payments from non-controlling shareholders as of December 31, 2023. The investment subsequently closed in June 2024, and we the recategorized such advanced payments from non-controlling shareholders into share capital and reserves in the first half of 2024.

As of April 30, 2025, approximately RMB22.6 million, representing 60.4% of our other payables and accruals as of December 31, 2024, were subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we had financed our operations primarily through capital contributions from our shareholders and private equity financing. We expect that our cash needs in the near future will primarily relate to progressing the development of our drug candidates towards receiving regulatory approval for different indications and commencing commercialization, as well as expanding our drug candidate portfolio. For these purposes, we expect capital contribution from shareholders, debt financing including banks loans and the expected [**REDACTED**] from the [**REDACTED**] to constitute the main source of funding.

During the Track Record Period, we incurred negative cash flows from our operations. Our net cash used in operating activities was RMB164.6 million and RMB162.6 million in 2023 and 2024, respectively, which was mainly attributable to cash used in paying research and development expenses and administrative expenses we incurred during the Track Record Period while we had not generated any revenue from sales of our drug candidates.

Current Assets and Current Liabilities

The following tables sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of April 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)* *(unaudited)*
Current assets			
Inventories	3,449	29,035	46,619
Trade receivables	–	–	15,657
Prepayments, deposits and other receivables	8,685	13,300	20,870
Financial assets at fair value through profit or loss	495,126	225,192	230,000
Bank deposits with initial term of over three months	42,545	45,147	45,772
Pledged bank deposits	250,030	30	30
Cash and cash equivalents	157,640	526,511	444,675
Total current assets	**957,475**	**839,215**	**803,623**
Current liabilities			
Trade payables	88,333	91,045	100,798
Other payables and accruals	265,247	37,312	18,947
Interest-bearing bank borrowings	1,000	9,900	14,657
Lease liabilities	4,824	–	3,132
Total current liabilities	**359,404**	**138,257**	**137,534**
Net current assets	**598,071**	**700,958**	**666,089**

Our net current assets decreased from RMB701.0 million as of December 31, 2024 to RMB666.1 million as of April 30, 2025. The decrease was due to the decrease in our current assets which outpaced the decrease in our current liabilities. Our current assets decreased from RMB839.2 million as of December 31, 2024 to RMB803.6 million as of April 30, 2025, primarily due to a decrease in cash and cash equivalents of RMB81.8 million primarily resulting from our payment of operating expenses associated with our daily operations, including salaries and compensation for our staff. The decrease was partially offset by (i) an increase in inventories of RMB17.6 million, mainly because we have started the production of our Core Product after commercialization and thereby increased its inventory level, and (ii) an increase in trade receivables of RMB15.7 million, mainly because we began to generate sales of our Core Product following its commercialization. Our current liabilities decreased from RMB138.3 million as of December 31, 2024 to RMB137.5 million as of April 30, 2025, primarily due to a decrease in other payables and accruals of RMB18.4 million mainly due to a decrease in payroll payable in relation to the salaries and bonuses payable to employees.

Our net current assets increased from RMB598.1 million as of December 31, 2023 to RMB701.0 million as of December 31, 2024. The increase was due to the decrease in our current liabilities which outpaced the decrease in our current assets. Our current assets decreased from RMB957.5 million as of December 31, 2023 to RMB839.2 million as of December 31, 2024, primarily due to (i) a decrease in our financial assets at FVTPL of RMB269.9 million, mainly attributable to the redemption of our matured wealth management products, and (ii) a decrease in our pledged bank deposits of RMB250.0 million, because the restriction on capital investment funds of RMB250.0 million was removed in February 2024 and such amount was then deposited in regular bank accounts. This amount is partially offset by an increase in our cash and cash equivalents of RMB368.9 million. Our current liabilities decreased from RMB359.4 million as of December 31, 2023 to RMB138.3 million as of December 31, 2024, primarily due to a decrease in our other payables and accruals of RMB227.9 million, mainly because we recognized capital investment funds of RMB250.0 million as advance payments from shareholders in 2023 and such amounts have been reclassified as our equity since the transaction has been completed. See "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Assets" and "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Liabilities" in this section for detailed analysis about the underlying reasons for the aforementioned fluctuations.

Cash Flows

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

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Net cash used in operating activities	(164,597)	(162,619)
Net cash (used in)/from investing activities	(157,208)	275,954
Net cash from financing activities	351,706	254,839
Net increase in cash and cash equivalents	29,901	368,174
Cash and cash equivalents at beginning of the year	127,034	157,640
Effect of foreign exchange rate changes, net	705	697
Cash and cash equivalents at end of the year	157,640	526,511

Operating Activities

During the Track Record Period, we incurred negative cash flows from our operations. Our management closely monitors the use of cash and cash balances and has maintained a healthy liquidity for our operations. As our business develops and expands, we expect to generate more cash flows from our operating activities, through launching and commercializing our products and enhancing our cost containment capacity and operating efficiency.

In the 2024, our net cash used in operating activities was RMB162.6 million, which was primarily attributable to loss before tax of RMB174.7 million, adjusted for non-cash items and changes in working capital. Positive adjustments primarily included (i) an increase in other payables and accruals of RMB16.1 million, (ii) equity-settled share-based payment of RMB16.0 million and (iii) amortization of intangible assets of RMB12.2 million. Negative adjustments mainly included (i) an increase in inventories of RMB25.6 million and (ii) investment income on financial assets at FVTPL of RMB11.0 million.

In 2023, our net cash used in operating activities was RMB164.6 million, which was primarily attributable to loss before tax of RMB733.4 million, adjusted for non-cash items and changes in working capital. Positive adjustments primarily included (i) equity-settled share option expense of RMB538.9 million; (ii) an increase in trade payables of RMB15.6 million; and (iii) amortization of intangible assets of RMB12.1 million. Negative adjustments mainly included investment income on financial assets at fair value through profit or loss of RMB9.8 million.

We plan to improve our net operating cash outflow position through sustainable cash generation from expanded commercialization while maintaining disciplined cost management. As our business develops, we expect to strengthen our operating cash flow position through revenue streams from the sales of Efsubaglutide Alfa, strategic market penetration, and operational efficiencies. Specifically, we plan to implement the following initiatives to improve our net operating cash outflow position:

- ***Accelerate revenue generation through expanded commercialization.*** Following the approval of Efsubaglutide Alfa for T2D in January 2025, we expect growing cash inflows from sales of Core Product. With the Phase IIb/III clinical trial for obesity and overweight indications ongoing since March 2025 and a planned multi-center Phase IIa clinical trial for MASH in 2026, we anticipate additional revenue streams post-approval. In the near term, the expanded commercialization of Efsubaglutide Alfa for the treatment of T2D is expected to generate immediate revenue growth. Once these three indications are approved, Efsubaglutide Alfa will target a broad customer base, including patients with T2D, obesity and overweight individuals, and patients diagnosed with MASH.

- ***Optimize marketing investments to drive sustainable growth.*** While brand-building activities like presenting clinical data at top-tier domestic and international academic conferences require upfront expenditure, these initiatives enhance physician adoption and facilitate NRDL inclusion negotiations. By engaging with eminent KOLs nationwide, we aim to increase our brand's visibility and expedite access to medical insurance programs and hospital networks. After NRDL inclusion, we expect this foundation to enable rapid scale-up to tens of thousands of hospitals through local distributors, transforming initial marketing outflows into recurring revenue streams.

- ***Employ long-term commercialization strategy.*** Our commercialization model balances our in-house marketing capabilities with partnership with distributors, leveraging our omni-channel networks, which include pharmaceutical e-commerce platforms, O2O platforms, and national pharmacy chains. While expanding sales and marketing team and the network of local distributors requires initial investment in the short term, this will not only bring immediate benefits but also lay a solid foundation for us to more effectively commercialize our other drug candidates in the long term.

In the near term, we anticipate that our operating cash outflows from commercialization and R&D efforts will gradually be offset by accelerating revenue growth from the sales of Efsubaglutide Alfa, driven by deeper T2D market penetration through our marketing initiatives. In the long run, we will continue to leverage this commercialization foundation to more cost-efficiently promote our future approved drugs.

Investing Activities

In 2024, our net cash generated from investing activities was RMB276.0 million, mainly due to proceeds from disposal of financial assets at fair value through profit or loss of RMB5,257.1 million, partially offset by our purchase of financial assets at fair value through profit or loss of RMB4,976.0 million.

In 2023, our net cash used in investing activities was RMB157.2 million, which was mainly due to (i) our purchase of financial assets at fair value through profit or loss of RMB4,408.7 million, and (ii) an increase in bank deposits with initial term of over three months of RMB42.3 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB4,306.0 million.

Financing Activities

In 2024, our net cash generated from financing activities was RMB254.8 million, mainly due to net proceeds from issue of new shares of RMB250.0 million.

In 2023, our net cash generated from financing activities was RMB351.7 million, mainly due to net proceeds from issue of new shares of RMB367.8 million.

CASH OPERATING COSTS

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

	Year Ended December 31,	
	2023	**2024**
	(RMB'000)	*(RMB'000)*
Costs Relating to Research and Development of Our Core Product		
Clinical trial costs	111,893	47,964
Staff costs	22,024	21,091
Raw material expenses	5,825	799
Others	2,415	4,059
Subtotal	**142,157**	**73,913**
Costs Relating to Research and Development of Other Drug Candidates		
Clinical trial costs	–	194
Staff costs	3,169	2,559
Raw material expenses	787	342
Others	1,008	350
Subtotal	**4,964**	**3,445**

	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Workforce employment cost for non-research and development staff	14,837	19,818
Direct production cost	–	–
Non-income taxes, royalties and other governmental charges	162	660
Contingency allowances	–	–
Product marketing	–	–
Subtotal	**14,999**	**20,478**

WORKING CAPITAL CONFIRMATION

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our business operations and mitigate the effects of fluctuations in cash flows. Our Directors are of the opinion that, taking into account the financial resources available, including cash and cash equivalents, financial assets at fair value through profit or loss which represents wealth management products we purchased, and unutilized bank facilities as of December 31, 2024 and the estimated [**REDACTED**] from the [**REDACTED**], as well as our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses, other operating expenses and necessary capital expenditure for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, including pre-clinical and clinical development activities as well as our preparation for commercialization, and (ii) purchases of items of property, plant and equipment. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share being the low end of the indicative [**REDACTED**] stated in this document before the exercise of the [**REDACTED**]. Assuming an average cash burn rate going forward of 3.2 times of the level in 2024, we estimate that (i) our cash and cash equivalents, financial assets at FVTPL and bank deposits as of April 30, 2025 will be able to maintain our financial viability for [**REDACTED**] months from April 30, 2025, (ii) if we take into account [**REDACTED**] of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**] months, or, (iii) if we take into account all estimated [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing no earlier than six months after the completion of the [**REDACTED**].

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of interest-bearing bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of April 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)* *(unaudited)*
Current			
Interest-bearing bank borrowings	1,000	9,900	14,657
Lease liabilities	4,824	–	3,132
Subtotal	5,824	9,900	17,789
Non-current			
Lease liabilities	40,762	–	14,774
Total	**46,586**	**9,900**	**32,563**

Except as disclosed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

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 document. 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.

Interest-bearing Bank Borrowings

During the Track Record Period, our interest-bearing bank borrowings consisted of unsecured bank loans, carrying an interest rate of from 2.7% to 3.0% per annum and are repayable within one year. Our interest-bearing bank borrowings increased from RMB1.0 million as of December 31, 2023 to RMB9.9 million as of December 31, 2024, mainly because we borrowed new bank loans of RMB9.9 million after the repayment of all the outstanding bank loans in June 2024. Our interest-bearing bank borrowings increased from RMB9.9 million as of December 31, 2024 to RMB14.7 million as of April 30, 2025, mainly due to the borrowing of a one-year RMB 5.0 million bank loan in April 2025.

Our Directors confirm that we had not experienced any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. As of April 30, 2025, we had unutilized banking facilities of RMB295.3 million.

Lease Liabilities

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of April 30
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)* *(unaudited)*
Lease liabilities:			
Current	4,824	–	3,132
Non-current	40,762	–	14,774
Total	**45,586**	**–**	**17,906**

At the commencement date of a lease, we recognize and measure lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The weighted average incremental borrowing rates applied to lease liabilities were 4.65% per annum for the Track Record Period.

Our lease liabilities related to the properties that we leased for our office premises and manufacturing facilities. We recorded lease liabilities of RMB45.6 million, nil and RMB17.9 million as of December 31, 2023 and 2024 and April 30, 2025, respectively. Our lease liabilities decreased from RMB45.6 million as of December 31, 2023 to nil as of December 31, 2024 as we terminated the lease for the facility in Shanghai. This amount further increased to RMB17.9 million as of April 30, 2025, primarily due to our lease for a new office in Shanghai. See "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Gains" for more details.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase and maintain our property and equipment in order to enhance our research and development capabilities and expand our business operations. Historically, we funded our capital expenditures mainly through capital contributions by our shareholders and equity financing. The following table sets forth our capital expenditures for the years indicated:

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	Year Ended December 31,	
	2023	2024
	(RMB'000)	*(RMB'000)*
Purchases of items of property, plant and equipment	12,045	3,950

Our historical capital expenditures during the Track Record Period primarily included expenditures associated with the purchase of property, plant and equipment, which mainly consists of office and electronic equipment, lab equipment and construction in progress. Going forward, we expect that our capital expenditure will continue to consist primarily of funds to ramp up the research and development of our drug candidates, and purchases of machinery and equipment for our offices, research and development facilities and manufacturing facilities. See "Future Plans and Use of [**REDACTED**]" in this document.

CAPITAL COMMITMENTS

As of December 31, 2023 and 2024, we had capital commitment of RMB25.1 million and RMB24.9 million, respectively. Such capital commitments reflected capital expenditure we contracted but not provided on property and equipment in the historical financial information.

CONTINGENT LIABILITIES

As of December 31, 2023 and 2024, we did not have any contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

In 2023 and 2024, we had no transaction with related parties. See Note 29 to the Accountants' Report set out in Appendix I to this document.

KEY FINANCIAL RATIOS

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

	As of December 31,	
	2023	2024
Current ratio[(1)]	2.7	6.1

Note:

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

Current Ratio

Our current ratio increased from 2.7 as of December 31, 2023 to 6.1 as of December 31, 2024, primarily due to the decrease in our current liabilities which outpaced the decrease in our current assets. See "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Liabilities — Other Payables and Accruals" in this section for further details.

MARKET RISK DISCLOSURE

The risks associated with our financial instruments primarily include foreign currency risk, credit risk and liquidity risk. Our management manages these exposures to ensure appropriate measure are implemented on a timely and effective manner. See Note 33 to the Accountants' Report set out in Appendix I to this document for further details.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Certain of our bank balances and cash are denominated in foreign currency of respective group entities. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations, which exposes us to foreign currency risk. We did not have a foreign currency hedging policy against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. See Note 32 to the Accountants' Report set out in Appendix I to this document for further details.

Credit Risk

The carrying amounts of trade receivables, cash and cash equivalents and prepayments, other receivables and other assets included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

We trade only with recognized and creditworthy parties. Receivable balances are monitored on an ongoing basis and we believed that our exposure to bad debts is not significant. For other receivables and other assets, we make periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables. See Note 32 to the Accountants' Report set out in Appendix I to this document for further details.

Liquidity Risk

With respect to the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effect of fluctuations in cash flows. We monitor the utilization of bank borrowings and rely on the issuance of ordinary shares as a significant source of liquidity. Our Directors are satisfied that we will have sufficient financial resources to meet our financial obligations as they fall due and to sustain our operations for the foreseeable future. See Note 32 to the Accountants' Report set out in Appendix I to this document for further details.

DIVIDEND

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

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

[**REDACTED**] EXPENSE

[**REDACTED**] expenses represent professional fees, [**REDACTED**], and other fees incurred in connection with the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (accounting for approximately [**REDACTED**]% of our [**REDACTED**]). The estimated total [**REDACTED**] expenses consist of (i) [**REDACTED**] expenses (including but not limited to [**REDACTED**] and fees) of approximately RMB[**REDACTED**], and (ii) [**REDACTED**] related expenses of approximately RMB[**REDACTED**], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**], and other fees and expenses of approximately RMB[**REDACTED**]. During the Track Record Period, we charged [**REDACTED**] expenses of RMB[**REDACTED**] to the consolidated statements of profit or loss and other comprehensive income and we recognized [**REDACTED**] expenses of

RMB[**REDACTED**] to our consolidated statements of financial position. We expect to incur [**REDACTED**] expenses of approximately RMB[**REDACTED**], of which RMB[**REDACTED**] is expected to be charged to our consolidated statements of profit and loss and RMB[**REDACTED**] is expected to be deducted from equity. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future business plans and strategies.

USE OF [REDACTED]

We estimate that the aggregate [**REDACTED**] to our Company from the [**REDACTED**] will be approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] paid and payable by us taking into account any additional discretionary incentive fee and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share.

We intend to apply such [**REDACTED**] from the [**REDACTED**] for the following purposes:

(a) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for ongoing and planned clinical trials and planned commercial launch of Efsubaglutide Alfa, our Core Product, of which:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to conduct further clinical studies for the indication expansion of Efsubaglutide Alfa, of which

    - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for an ongoing and future clinical trials of Efsubaglutide Alfa for the treatment of obesity and overweight. We initiated a Phase IIa clinical trial of Efsubaglutide Alfa for this indication in March 2024 and completed the trial in November 2024. We initiated a Phase IIb/III clinical trial for this indication in China in March 2025 and plan to enroll approximately 900 to 1,000 subjects. We expect to complete this Phase IIb/III clinical trial in the fourth quarter of 2026. This Phase IIb/III clinical trial is a multi-center, randomized, double-blind, placebo-controlled trial to evaluate the safety and efficacy of Efsubaglutide Alfa in weight reduction; and

    - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for a planned U.S. and China global multi-center Phase IIa clinical trial for the treatment of MASH. We obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Efsubaglutide Alfa for the treatment of MASH. We also obtained IND approval from the NMPA for Efsubaglutide Alfa for the treatment of MASH in March 2025. We plan to initiate this multi-center Phase IIa clinical trial for MASH in the U.S. and China in 2026 enrolling approximately less than 100 subjects. We expect to complete this trial by 2027. This trial is a randomized, double-blind, placebo-controlled, multiple-center Phase IIa study to evaluate the safety, tolerability, pharmacokinetics, and efficacy of Efsubaglutide Alfa in subjects with MASH.

(ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, in combination with other funding sources, will be used for the planned commercial launch of Efsubaglutide Alfa, including expanding our in-house sales and marketing team. We received marketing approvals for both Efsubaglutide Alfa monotherapy and Efsubaglutide Alfa in combination with metformin for the treatment of T2D in January 2025. We plan to expand our sales and marketing team to approximately 140, 230, and 280 members by the end of 2025, 2026, and 2027, respectively. We expect these teams together with our distributors to cover all major regions of China, except for a few provinces in the western China where the population is relatively sparse.

(b) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for working capital and general corporate purposes.

If the [**REDACTED**] from the [**REDACTED**] exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If we urgently need the funds for the above purposes but cannot immediately obtain the [**REDACTED**] from the [**REDACTED**], we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the [**REDACTED**] from the [**REDACTED**] when the [**REDACTED**] become available to us. If the [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, being the high end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, being the low end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**]. The above allocation of the [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] stated in this document.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised, we intend to apply the additional [**REDACTED**] to the above purposes in the proportions stated above.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our directors will carefully evaluate the situation and may [**REDACTED**] the [**REDACTED**] from the [**REDACTED**].

We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[REDACTED]

[**REDACTED**]

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 document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU INNOGEN PHARMACEUTICAL GROUP CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Guangzhou Innogen Pharmaceutical Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-52, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 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, 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-52 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 2024 (the "Document") in connection with the [**REDACTED**] 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, 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 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[●] 2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
		RMB'000	*RMB'000*
Other income and gains	*5*	16,849	20,055
Research and development expenses		(492,108)	(102,511)
Administrative expenses		(255,737)	(84,460)
Selling expenses		–	(2,386)
Other expenses	*6*	(62)	(4,515)
Finance costs	*7*	(2,318)	(873)
LOSS BEFORE TAX	*8*	(733,376)	(174,690)
Income tax expense	*11*	–	–
LOSS FOR THE YEAR		(733,376)	(174,690)
Attributable to:			
Owners of the parent		(733,376)	(174,690)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*13*	(1.92)	(0.42)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	As at December 31, 2024
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	17,991	13,300
Intangible assets	*15*	35,868	24,094
Right-of-use assets	*16*	36,863	–
Prepayments, other receivables and other assets	*18*	57,167	58,191
Total non-current assets		147,889	95,585
CURRENT ASSETS			
Inventories	*19*	3,449	29,035
Prepayments, other receivables and other assets	*18*	8,685	13,300
Financial assets at fair value through profit or loss ("FVTPL")	*20*	495,126	225,192
Bank deposits with initial term of over three months	*31*	42,545	45,147
Pledged bank deposits	*21*	250,030	30
Cash and cash equivalents	*21*	157,640	526,511
Total current assets		957,475	839,215
CURRENT LIABILITIES			
Trade payables	*22*	88,333	91,045
Other payables and accruals	*23*	265,247	37,312
Interest-bearing bank borrowings	*24*	1,000	9,900
Lease liabilities	*16*	4,824	–
Total current liabilities		359,404	138,257
NET CURRENT ASSETS		598,071	700,958
TOTAL ASSETS LESS CURRENT LIABILITIES		745,960	796,543
NON-CURRENT LIABILITIES			
Other payables and accruals	*23*	73	72
Lease liabilities	*16*	40,762	–
Total non-current liabilities		40,835	72
Net assets		705,125	796,471
EQUITY			
Share capital	*25*	397,668	420,263
Reserves	*26*	307,457	376,208
		705,125	796,471
Total equity		705,125	796,471

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Share capital	Share premium*	Share-based payment reserves*	Accumulated losses*	Total equity
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 27)*	*RMB'000*	*RMB'000*
At January 1, 2023	327,732	748,277	54,335	(589,216)	541,128
Total comprehensive loss for the year	–	–	–	(733,376)	(733,376)
Shares issued *(note 25)*	69,936	297,878	–	–	367,814
Payment of financing advisory expense related to issuing B shares	–	(9,345)	–	–	(9,345)
Recognition of equity-settled share-based payments *(note 27)*	–	–	538,904	–	538,904
At December 31, 2023	397,668	1,036,810	593,239	(1,322,592)	705,125

Year ended December 31, 2024

	Share capital	Share premium*	Share-based payment reserves*	Accumulated losses*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 25)	*(note 26)*	*(note 27)*		
At January 1, 2024	397,668	1,036,810	593,239	(1,322,592)	705,125
Total comprehensive loss for the year	–	–	–	(174,690)	(174,690)
Shares issued *(note 25)*	22,595	227,405	–	–	250,000
Recognition of equity-settled share-based payments *(note 27)*	–	–	16,036	–	16,036
At December 31, 2024	420,263	1,264,215	609,275	(1,497,282)	796,471

* These reserve accounts represent the consolidated reserves of RMB307,457,000 and RMB376,208,000 in the consolidated statements of financial position at December 31, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	*8*	(733,376)	(174,690)
Adjustments for:			
Finance costs	*7*	2,318	873
Investment income on financial assets at FVTPL	*5*	(9,777)	(10,982)
Bank interest income	*5*	(4,191)	(3,822)
Fair value gain of financial assets at FVTPL	*5*	(1,126)	(192)
Gain on disposal of items of right-of-use assets	*5*	–	(4,152)
Loss of disposal of items of property, plant and equipment	*6*	–	4,451
Depreciation of items of property, plant and equipment	*14*	2,156	2,522
Amortisation of intangible assets	*15*	12,085	12,153
Depreciation of right-of-use assets	*16*	5,395	2,248
Equity-settled share-based payment	*27*	538,904	16,036
Foreign exchange gain	*5*	(705)	(697)
		(188,317)	(156,252)
Decrease/(increase) in prepayments, other receivables and other assets		2,042	(1,588)
Decrease/(increase) in inventories		230	(25,586)
Increase in trade payables		15,637	2,712
Increase in other payables and accruals		1,881	16,050
Cash used in operations		(168,527)	(164,664)
Interest received		3,930	2,045
Net cash flows used in operating activities		(164,597)	(162,619)

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
		RMB'000	*RMB'000*
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(12,045)	(3,950)
Purchase of intangible assets		(146)	(379)
Purchase of financial assets at fair value through profit or loss		(4,408,700)	(4,976,000)
Proceeds from disposal of financial assets at fair value through profit or loss		4,305,967	5,257,108
Proceeds from withdrawal of bank deposits with initial term of over three months		–	44,322
Increase in bank deposits with initial term of over three months		(42,284)	(45,147)
Net cash flows (used in)/from investing activities		(157,208)	275,954
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of new shares		367,814	250,000
Payment of financing advisory expense related to issuing B shares		(9,345)	–
Payment of [**REDACTED**] expense		[**REDACTED**]	[**REDACTED**]
New bank loans		1,000	9,900
Repayment of bank loans		(1,000)	(1,000)
Interest paid		(2,318)	(873)
Principal portion of lease payments		(4,445)	(805)
Net cash flows from financing activities		351,706	254,839

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
		RMB'000	*RMB'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS		29,901	368,174
Cash and cash equivalents at beginning of year		127,034	157,640
Effect of foreign exchange rate changes, net		705	697
CASH AND CASH EQUIVALENTS AT END OF YEAR		157,640	526,511
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position	*21*	157,640	526,511

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	As at December 31, 2024
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	382	372
Intangible assets	*15*	35,653	23,667
Investments in subsidiaries	*17*	1,224,527	1,241,564
Prepayments, other receivables and other assets	*18*	18	261
Total non-current assets		1,260,580	1,265,864
CURRENT ASSETS			
Prepayments, other receivables and other assets	*18*	914	3,690
Amounts due from subsidiaries	*30*	319,875	319,875
Financial assets at FVTPL	*20*	180,231	165,150
Bank deposits with initial term of over three months	*31*	42,545	45,147
Pledged bank deposits	*21*	250,030	30
Cash and cash equivalents	*21*	128,776	378,839
Total current assets		922,371	912,731
CURRENT LIABILITIES			
Trade payables	*22*	–	2,285
Other payables and accruals	*23*	253,402	13,883
Amounts due to subsidiaries	*30*	11,523	11,523
Total current liabilities		264,925	27,691
NET CURRENT ASSETS		657,446	885,040
TOTAL ASSETS LESS CURRENT ASSETS		1,918,026	2,150,904
NET ASSETS		1,918,026	2,150,904
EQUITY			
Share capital	*25*	397,668	420,263
Reserves	*26*	1,520,358	1,730,641
Total equity		1,918,026	2,150,904

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangzhou Innogen Pharmaceutical Group Co., Ltd. (the "Company") was established in Mainland China on December 5, 2014. The registered office address of the Company is Room 409, Block H, Self-numbered Creative Building, No. 2 Tengfei Second Street, Huangpu District, Guangzhou, Guangdong Province, the PRC.

The Company is an investing holding company. The Company and its subsidiaries (the "Group") are principally engaged in the research, development and commercialisation of pharmaceutical products.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Innogen Pharmaceutical Technology Co., Ltd. (上海銀諾醫藥技術有限公司) ("Innogen Technology") *(note (a))*	Mainland China March 6, 2015	RMB265,000,000	100%	–	Pharmaceutical R&D and production
Shanghai Innogen Biomedical Engineering Co., Ltd. (上海銀諾生物醫藥工程有限公司) ("Innogen Engineering") *(note (a))*	Mainland China December 22, 2020	RMB400,000,000	100%	–	Pharmaceutical R&D and production
Guangzhou Innogen Biopharmaceutical Manufacturing Co., Ltd. (廣州銀諾生物醫藥製造有限公司) ("Guangzhou Innogen Manufacturing")	Mainland China July 10, 2024	RMB1,000,000	100%	–	Pharmaceutical R&D and production
Haikou Innogen Pharmaceutical Technology Co., Ltd. (海口銀諾醫藥技術有限公司) ("Haikou Innogen")	Mainland China February 18, 2025	RMB300,000,000	100%		Pharmaceutical production and sales

Note:

(a) The statutory financial statements for the year ended December 31, 2023 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Ernst & Young Hua Ming Shanghai Branch, certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

This Historical Financial Information has been prepared in accordance with Hong Kong Financial Report Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

All HKFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

This Historical Financial Information has been prepared under the historical cost convention, except for wealth management products and equity instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Relevant Periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosure*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to* HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial 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 recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates and residual value rates used for this purpose are as follows:

	Residual value rate	Principal annual rates
Office and electronic equipment	0-5%	19%-25%
Lab equipment	0%	10%-20%
Transportation equipment	0%	17%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired 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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following estimated useful lives:

Intellectual property	10 years
Software	2 to 5 years

Intellectual property is recognised as intangible assets at historical cost and amortised using the straight-line method over its estimated useful life of 10 years, which is determined by reference to the authorised useful life and the management's estimation. The estimation is made considering the useful period of the intellectual property. It is subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office and laboratory premises	10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised 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.

The Group's lease liabilities are presented in a separate line on the consolidated statements of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised 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 and accruals, interest-bearing bank borrowings, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade payables, other payables and accruals, interest-bearing bank borrowings and amounts due to a related party, are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of 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 recognised 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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Share-based payments

The Group operates a restricted share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 27 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of restricted shares unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund – Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Dividends

Final dividends are recognised 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 information.

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 of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment, intangible assets and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period, no indication of impairment for property, plant and equipment, intangible assets and right-of-use assets are identified by the Group.

Useful lives of intangible assets

Management determines the useful lives, residual values and related amortisation charges for the Group's intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of intangible assets with similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives or residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortisable lives and hence amortisation in future periods.

Details of intangible assets carried as assets in the consolidated statement of financial position are disclosed in note 15 to the Historical Financial Information.

Fair value of performance-based restricted shares

The Group estimates the number of share awards contingently issuable when determining the share-based payment expenses, which depends on the achievement of certain non-market performance targets of the Group under the Employee Incentive Scheme (as defined in note 27 to the Historical Financial Information). This requires an estimation of the performance targets to be achieved by the Group, including completion of [**REDACTED**].

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is developing and commercialising pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since all of the Group's non-current assets were located in Mainland China, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Other income		
Investment income on financial assets at FVTPL	9,777	10,982
Bank interest income	4,191	3,822
Government grants*	1,005	–
Total other income	14,973	14,804
Gains		
Foreign exchange gain	705	697
Fair value gains on financial assets at FVTPL	1,126	192
Gain on termination of a lease contract	–	4,152
Others	45	210
Total gains	1,876	5,251
Total other income and gains	16,849	20,055

* The government grants mainly represent the subsidies received from the local governments for the research and development of innovative drugs and there are no unfulfilled conditions or contingencies relating to these grants.

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Impairment losses, net of reversal		
Prepayments, other receivables and other assets under ECL model	62	14
Loss on disposal of items of property, plant and equipment*	–	4,451
Others	–	50
Total	62	4,515

* During the year ended December 31, 2024, construction in progress amounting to RMB4,451,000 has been disposed of due to the strategic adjustment of the Group.

7. FINANCE COSTS

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	111	15
Interest on lease liabilities *(note 16(c))*	2,207	858
Total	2,318	873

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended December 31,	
	Notes	2023	2024
		RMB'000	*RMB'000*
Depreciation of plant and equipment	*14*	2,156	2,522
Amortisation of intangible assets	*15*	12,050	12,153
Depreciation of right-of-use assets	*16*	5,395	2,248
Interest on lease liabilities	*16*	2,207	858
Lease payments not included in the measurement of lease liabilities	*16*	1,509	3,336
Government grants	*5*	(1,005)	–
Bank interest income	*5*	(4,191)	(3,822)
Foreign exchange gains	*5*	(705)	(697)
[**REDACTED**] expense		[**REDACTED**]	[**REDACTED**]
Gain on termination of a lease contract	*5*	–	(4,152)
Auditors' remuneration		1,209	1,550
Employee benefit expenses (including directors' and chief executive's remuneration *(note 9)*			
Salaries and bonuses		36,698	45,675
Social welfare and other benefits		5,471	6,683
Staff welfare expenses		640	407
Share-based payment expenses		538,904	16,036
		581,713	68,801

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration as recorded during the years ended December 31, 2023 and 2024, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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 set out below:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Fees	100	240
Other emoluments:		
Salaries and bonuses	11,137	11,143
Social welfare and other benefits	429	435
Share-based payment expenses	513,671	12,842
Total fees and other emoluments	525,337	24,660

(a) Directors, independent non-executive directors and the chief executive

Year ended December 31, 2023

	Fees	Salaries, and bonuses	Social welfare and other benefits	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. WANG *(a)*	–	3,983	–	493,244	497,227
Ms. Jiang Fan *(b)*	–	3,054	143	7,242	10,439
Ms. Xu Wenjie *(c)*	–	3,290	143	8,791	12,224
Mr. Huang Bing *(d)*	–	810	143	4,394	5,347
Total	–	11,137	429	513,671	525,237
Non-executive director:					
Mr. Ho Kyung Shik *(e)*	–	–	–	–	–
Independent non-executive director:					
Mr. Tao Wuping *(g)*	100	–	–	–	100

Year ended December 31, 2024

	Fees	Salaries, and bonuses	Social welfare and other benefits	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. Wang *(a)*	–	3,992	–	–	3,992
Ms. Jiang Fan *(b)*	–	3,007	145	4,553	7,705
Ms. Xu Wenjie *(c)*	–	3,299	145	5,527	8,971
Mr. Huang Bing *(d)*	–	845	145	2,762	3,752
Total	–	11,143	435	12,842	24,420
Non-executive directors:					
Mr. Ho Kyung Shik *(e)*	–	–	–	–	–
Mr. Heng Lei *(f)*	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors:					
Mr. Tao Wuping *(g)*	130	–	–	–	130
Dr. Song Ruilin *(h)*	55	–	–	–	55
Ms. Yee Pui Fonk Janet *(i)*	55	–	–	–	55
Total	240	–	–	–	240

Notes:

(a) Dr. Wang was appointed as an executive director in December 2014. Dr. Wang is also the chief executive officer of the Company and his remuneration disclosed above included the services rendered by him as the chief executive. Further details of the share-based payment are included in the disclosures in note 27 to the Historical Financial Information.

(b) Ms. Jiang Fan was appointed as an executive director in November 2022.

(c) Ms. Xu Wenjie was appointed as an executive director in November 2022.

(d) Mr. Huang Bing was appointed as an executive director in November 2022.

(e) Mr. Ho Kyung Shik was appointed as a non-executive director in December 2020.

(f) Mr. Heng Lei was appointed as a non-executive director in October 2024.

(g) Mr. Tao Wuping was appointed as an independent non-executive director in November 2022.

(h) Dr. Song Ruilin was appointed as an independent non-executive director in October 2024.

(i) Ms. Yee Pui Fonk Janet was appointed as an independent non-executive director in October 2024.

During the year ended December 31, 2023, certain directors were granted restricted shares, in respect of their services to the Group, under the incentive scheme of the Company, which have been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amount included in the financial information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended December 31, 2023 and 2024, respectively.

There were no other emoluments payable to the independent non-executive directors during the years ended December 31, 2023 and 2024, respectively.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2023 and 2024, included 4 and 4 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining 1 and 1 highest paid employees who are neither a director nor chief executive of the Company during years ended December 31, 2023 and 2024, respectively, are as follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Salaries and bonuses	1,987	732
Social welfare and other benefits	143	145
Share-based payment expenses	1,980	1,518
Total	4,110	2,395

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended December 31,	
	2023	2024
	Numbers of employees	
HK$2,500,001 to HK$4,500,000	–	1
HK$4,500,001 to HK$5,000,000	1	–
Total	1	1

During the Relevant Periods, restricted share units were granted to 1 and 1 non-director and non-chief executive highest paid employee in respect of their services to the Group, respectively, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair value of such restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. 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 Enterprise Income Tax ("EIT") rate of the PRC subsidiaries was 25% during the Relevant Periods. No Mainland China income tax was provided for as the Company and all its subsidiaries are in loss position and have no estimated assessable profits.

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Loss before tax	(733,376)	(174,690)
Tax charge at the statutory tax rate of 25%	(183,344)	(43,673)
Additional deductible allowance for qualified research and development expenses	(40,622)	(25,609)
Deductible temporary difference and tax losses not recognised	89,140	65,051
Expenses not deductible for tax	134,826	4,231
Tax charge at the Group's effective rate	–	–

The Group has accumulated tax losses arising in Mainland China of RMB890,308,000 and RMB1,037,138,000 as at December 31, 2023 and 2024, respectively, that will expire in one to five years for offsetting against future taxable profits of the Group.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the Group that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

12. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding (excluding shares reserved for the share incentive scheme) during the Relevant Periods.

The Group had no potentially dilutive ordinary shares in issue and no adjustment has been made to the basic loss per share amounts presented for the Relevant Periods.

The calculation of basic and diluted loss per share is based on:

	Year ended December 31,	
	2023	2024
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(733,376)	(174,690)
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation ('000)	382,799	419,646
Loss per share (basic and diluted)		
RMB per share	(1.92)	(0.42)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Office and electronic equipment	Lab equipment	Transportation equipment	Construction in progress	Deferred Expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
At January 1, 2023:						
Cost	1,378	19,594	520	4,234	–	25,726
Accumulated depreciation	(705)	(5,504)	(520)	–	–	(6,729)
Net carrying amount	673	14,090	–	4,234	–	18,997

	Office and electronic equipment	Lab equipment	Transportation equipment	Construction in progress	Deferred Expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023, net of accumulated depreciation	673	14,090	–	4,234	–	18,997
Additions	165	768	–	217	–	1,150
Depreciation provided during the year	(223)	(1,933)	–	–	–	(2,156)
At December 31, 2023 net of accumulated depreciation	615	12,925	–	4,451	–	17,991
At December 31, 2023:						
Cost	1,543	20,362	520	4,451	–	26,876
Accumulated depreciation	(928)	(7,437)	(520)	–	–	(8,885)
Net carrying amount	615	12,925	–	4,451	–	17,991
As at December 31, 2024 At January 1, 2024:						
Cost	1,543	20,362	520	4,451	–	26,876
Accumulated depreciation	(928)	(7,437)	(520)	–	–	(8,885)
Net carrying amount	615	12,925	–	4,451	–	17,991
At January 1, 2024, net of accumulated depreciation	615	12,925	–	4,451	–	17,991
Additions	872	1,263	–	–	147	2,282
Depreciation provided during the year	(331)	(2,169)	–	–	(22)	(2,522)
Disposals	–	–	–	(4,451)	–	(4,451)
At December 31, 2024, net of accumulated depreciation	1,156	12,019	–	–	125	13,300
At December 31, 2024:						
Cost	2,415	21,625	520	–	147	24,707
Accumulated depreciation	(1,259)	(9,606)	(520)	–	(22)	(11,407)
Net carrying amount	1,156	12,019	–	–	125	13,300

At December 31, 2023 and 2024, none of the Group's property, plant and equipment was pledged.

The Company

	Office and electronic equipment	Lab equipment	Deferred Expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023				
At January 1, 2023:				
Cost	39	974	–	1,013
Accumulated depreciation	(39)	(494)	–	(533)
Net carrying amount	–	480	–	480
At January 1, 2023, net of accumulated depreciation	–	480	–	480
Depreciation provided during the year	–	(98)	–	(98)
At December 31, 2023, net of accumulated depreciation	–	382	–	382
At December 31, 2023:				
Cost	39	974	–	1,013
Accumulated depreciation	(39)	(592)	–	(631)
Net carrying amount	–	382	–	382
As at December 31, 2024				
At January 1, 2024:				
Cost	39	974	–	1,013
Accumulated depreciation	(39)	(592)	–	(631)
Net carrying amount	–	382	–	382
At January 1, 2024, net of accumulated depreciation	–	382	–	382
Additions	–	–	110	110
Depreciation provided during the year	–	(98)	(22)	(120)
At December 31, 2024, net of accumulated depreciation	–	284	88	372
At December 31, 2024:				
Cost	39	974	110	1,123
Accumulated depreciation	(39)	(690)	(22)	(751)
Net carrying amount	–	284	88	372

At December 31, 2023 and 2024, none of the Company's property, plant and equipment was pledged.

The Group's property, plant and equipment mainly consisted of office and electronic equipment and lab equipment for research and development purpose. As of December 31, 2023 and 2024, all the property, plant and equipment were in good condition and normal use, and no obsolescence or physical damage had taken place during the Relevant Periods.

15. INTANGIBLE ASSETS

The Group

	Intellectual property	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	129,870	247	130,117
Accumulated amortisation	(82,230)	(80)	(82,310)
Net carrying amount	47,640	167	47,807
At January 1, 2023, net of accumulated amortisation	47,640	167	47,807
Additions	–	146	146
Amortisation provided during the year	(11,987)	(98)	(12,085)
At December 31, 2023, net of accumulated amortisation	35,653	215	35,868
At December 31, 2023			
Cost	129,870	393	130,263
Accumulated amortisation	(94,217)	(178)	(94,395)
Net carrying amount	35,653	215	35,868
At January 1, 2024			
Cost	129,870	393	130,263
Accumulated amortisation	(94,217)	(178)	(94,395)
Net carrying amount	35,653	215	35,868
At January 1, 2024, net of accumulated amortisation	35,653	215	35,868
Additions	–	379	379
Amortisation provided during the year	(11,986)	(167)	(12,153)
At December 31, 2024, net of accumulated amortisation	23,667	427	24,094
At December 31, 2024			
Cost	129,870	772	130,642
Accumulated amortisation	(106,203)	(345)	(106,548)
Net carrying amount	23,667	427	24,094

The Company

	Intellectual property
	RMB'000
At January 1, 2023	
Cost	129,870
Accumulated amortisation	(82,230)
Net carrying amount	47,640
At January 1, 2023, net of accumulated amortisation	47,640
Amortisation provided during the year	(11,987)
At December 31, 2023, net of accumulated amortisation	35,653
At December 31, 2023	
Cost	129,870
Accumulated amortisation	(94,217)
Net carrying amount	35,653
At January 1, 2024	
Cost	129,870
Accumulated amortisation	(94,217)
Net carrying amount	35,653
At January 1, 2024, net of accumulated amortisation	35,653
Amortisation provided during the year	(11,986)
At December 31, 2024, net of accumulated amortisation	23,667
At December 31, 2024	
Cost	129,870
Accumulated amortisation	(106,203)
Net carrying amount	23,667

The Group's intangible assets mainly consisted of office and intellectual property and software for research and development purpose. During the Track Record Period, research and development activities were carried forward as planned by the Group. As of December 31, 2023 and 2024, all the intangible assets were in good condition and normal use, and no obsolescence had taken place during the Relevant Periods.

16. LEASES

The Group as a lessee

The Group has lease contracts for office premises used in its operations. Leases of office premises generally have lease terms of 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Office and laboratory premises
	RMB'000
As at January 1, 2023	42,258
Depreciation charge	(5,395)
As at December 31, 2023	36,863
As at January 1, 2024	36,863
Depreciation charge	(2,248)
Disposals	(34,615)
As at December 31, 2024	–

The Group's right-of-use assets included office and laboratory premises leased from third parties. As of December 31, 2023, all the right-of-use assets were in good condition and normal use, and no obsolescence or physical damage of these right-of-use assets had taken place during the Relevant Periods.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Carrying amount at January 1	50,031	45,586
Accretion of interest recognised during the year	2,207	858
Rent concessions from lessors	–	–
Disposal	–	(44,781)
Lease payment	(6,652)	(1,663)
Carrying amount at December 31	45,586	–
Analysed into:		
Current portion	4,824	–
Non-current portion	40,762	–
	45,586	–

(c) The amounts recognised in profit or loss in relation to leases are follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Lease payments in respect of short-term leases	1,509	3,336
Interest on lease liabilities	2,207	858
Depreciation charge of right-of-use assets	5,395	2,248
Total amount recognised in profit or loss	9,111	6,442

17. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Amounts invested in subsidiaries:		
Innogen Technology	801,267	803,974
Innogen Engineering	423,260	436,590
Guangzhou Innogen Manufacturing	–	1,000
Total	1,224,527	1,241,564

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Non-current:		
Value-added tax recoverable	12,495	11,851
Prepayments for long-term assets	44,672	46,340
Total	57,167	58,191
Current:		
Value-added tax recoverable	–	6,676
Deferred [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]
Prepayments for research and development services	6,464	1,677
Others	2,372	1,521
	8,836	13,465
Impairment allowance	(151)	(165)
Total	8,685	13,300

The Company

	As at December 31,	
	2023	**2024**
	RMB'000	*RMB'000*
Non-current:		
Value-added tax recoverable	18	261
Current:		
Prepayments for research and development services	402	9
Deferred [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]
Prepayments for professional services	400	–
Others	112	90
Total	914	3,690

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

19. INVENTORIES

The Group

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Raw Materials	3,449	29,035

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Wealth management products	495,126	225,192

The Company

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Wealth management products	180,231	165,150

As at December 31, 2023 and 2024, the financial assets at fair value through profit or loss represented wealth management products issued by banks, with expected return rates from 1.24% to 2.80% per annum.

The fair values are based on cash flows discounted using the expected yield rates and are within Level 2 of the fair value hierarchy.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Cash at banks	407,670	526,541
Less:		
Pledged deposits*	250,030	30
Cash and cash equivalents	157,640	526,511
Denominated in		
RMB	157,640	526,511
	157,640	526,511

The Company

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Cash at banks	378,806	378,869
Less:		
Pledged deposits*	250,030	30
Cash and cash equivalents	128,776	378,839
Denominated in		
RMB	128,776	378,839
	128,776	378,839

* As at December 31, 2023, capital investment of RMB250,000,000 from Series B+ investors was deposited in a co-managed bank account, and the restriction of which was lifted in February 2024. The bank balances and pledged deposits were deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

The Group

An ageing 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,	
	2023	2024
	RMB'000	*RMB'000*
Within 1 year	88,333	91,045

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

The Company

An ageing 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,	
	2023	2024
	RMB'000	*RMB'000*
Within 1 year	–	2,285

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Non-current:		
Other payables	73	72
Current:		
Accrued professional service expenses	3,053	13,598
Accrued rental expenses	20	–
Accrued reimbursement expenses	799	1,413
Advance payments from shareholders*	250,000	–
Payroll payable	9,684	14,223
Advances from disposal of property, plant and equipment	–	1,000
Other tax payables	955	713
Other payables	736	6,365
Total	265,247	37,312

* Advance payments from shareholders represent the investment funds from Series B+ financing. Under the capital contribution agreement dated January 10, 2024 entered into among the Company, all then shareholders and Series B+ investors agreed to subscribe for 22,594,783 newly issued Shares of the Company at a consideration of RMB250,000,000 (the "Series B+ Financing"). The investment funds were deposited in a co-managed bank account on December 31, 2023.

** Other payables are non-interest-bearing and repayable on demand.

The Company

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Current:		
Accrued professional service expenses	3,052	13,598
Advance payments from shareholders	250,000	–
Other tax payables	350	285
Total	253,402	13,883

24. INTEREST-BEARING BANK BORROWINGS

	As at December 31, 2023			As at December 31, 2024		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
	(%)			(%)		
Unsecured bank loans	3.00%	June 2024	1,000	2.70%	February 2025	9,900

	As at December 31,	
	2023	2024
	RMB'000	RMB'000
Analysed into:		
Bank loans:		
Within one year	1,000	9,900

As at December 31, 2023 and 2024, the Group's facilities amounted to RMB130,000,000, and RMB260,000,000, of which RMB1,000,000 and RMB9,900,000 had been utilised as at the end of each of the Relevant Periods.

Bank loans are denominated in RMB. The Group's bank loans are unsecured, bear interest at 2.70% to 3.00% per annum and are repayable within one year.

25. SHARE CAPITAL

The Group and the Company

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At January 1, 2023	327,731,814	327,732
Capital contribution from Employee Incentive Platforms *(note 27)*	36,414,646	36,415
Capital contribution from Series B investors *(note a)*	33,521,706	33,521
At December 31, 2023 and January 1, 2024	397,668,166	397,668
Capital contribution from Series B+ investors *(note b)*	22,594,783	22,595
At December 31, 2024	420,262,949	420,263

Notes:

(a) Pursuant to a share purchase agreement entered into among series B investors and all then shareholders of the Company, series B investors injected RMB331,400,000 into the Company in 2023, with RMB33,521,706, representing 33,521,706 ordinary shares of the Company, and RMB297,878,294 credited to the Company's share capital and share premium, respectively.

(b) Pursuant to a share purchase agreement entered into among series B+ investors and all then shareholders of the Company, series B+ investors injected RMB250,000,000 into the Company in 2024, with RMB22,594,783, representing 22,594,783 ordinary shares of the Company, and RMB227,405,217 credited to the Company's share capital and share premium, respectively.

26. RESERVES

The Group

The amounts of the Group's share premium and share-based payment reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

Share-based payment reserves

The share-based payment reserves represent the equity-settled share awards as set out in note 27 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Share premium	Share-based payment reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	748,277	54,335	(198,000)	604,612
Issue of Series B Shares	297,878	–	–	297,878
Payment of financing advisory expense related to issuing B shares	(9,345)	–	–	(9,345)
Share-based payment	–	538,904	–	538,904
Total comprehensive loss for the year	–	–	88,309	88,309
At December 31, 2023 and January 1, 2024	1,036,810	593,239	(109,691)	1,520,358
Issue of Series B+ Financing	227,405	–	–	227,405
Share-based payment	–	16,036	–	16,036
Total comprehensive loss for the year	–	–	(33,158)	(33,158)
At December 31, 2024	1,264,215	609,275	(142,849)	1,730,641

27. SHARE-BASED PAYMENTS

2023 Employee Incentive Scheme

A share incentive plan ("Employee Incentive Scheme") was approved by the shareholders of the Company on March 28, 2023 and became effective on the same day. Restricted shares under the Employee Incentive Scheme were granted to the employees who promote the success of the Group's operations. Guangzhou Nuopa Enterprise Management Partnership (Limited Partnership) (廣州諾帕企業管理合夥企業(有限合夥)) ("Guangzhou Nuopa"), Guangzhou Nuosu Enterprise Management Partnership (Limited Partnership) (廣州諾蘇企業管理合夥企業(有限合夥)) ("Guangzhou Nuosu") and Guangzhou Nuotai Enterprise Management Partnership (Limited Partnership) (廣州諾肽企業管理合夥企業(有限合夥)) ("Guangzhou Nuotai") were used as restricted share platforms to facilitate the administration of the Employee Incentive Scheme. 65,375,000 shares of the Company, of which 32,775,000 were held by Guangzhou Nuopa, 28,960,000 were held by Guangzhou Nuosu and 3,640,000 were held by Guangzhou Nuotai, were authorised and approved under the Employee Incentive scheme. Pursuant to the Employee Incentive Scheme, the subscription price was RMB1.00 per restricted share.

Subject to the terms and conditions as set out in the Employee Incentive Scheme, restricted shares are vested in the portions of 25%, 25%, 25% and 25% on December 31, 2023, 2024, 2025 and 2026, respectively, except for Dr. Qing Wang, of whose shares were vested one-time in September 2023. In 2024, 1,940,000 restricted shares were vested according to the following vesting schedule: 50% of the restricted shares can be vested on December 31, 2025, and the remaining 50% on December 31, 2026.

The following restricted share units were outstanding under the Employee Incentive Scheme during the Relevant Periods:

	Number of restricted shares
As at January 1, 2023	–
Granted during the year	65,374,748
Vested during the year	(54,956,322)
Forfeited during the year	(1,390,000)
As at December 31, 2023	9,028,426
Granted during the year	1,940,000
Forfeited during the year	(1,897,000)
Vested during the year	(2,367,220)
As at December 31, 2024	6,704,206

	Number of restricted shares
As at January 1, 2023	–
Vested during the year	54,575,822
As at December 31, 2023	54,575,822
Vested during the year	2,327,720
As at December 31, 2024	56,903,542

The fair values of the restricted shares granted during the years ended December 31, 2023 and 2024 were estimated at RMB9.46 per share and RMB11.06 per share respectively as of the dates of grant, respectively, by reference to the recent fair value of ordinary shares, using the backsolve method.

During the years ended December 31, 2023 and 2024, share-based payment expenses of RMB538,904,000 and RMB16,036,000 were charged to profit or loss, respectively.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	Interest-bearing bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	50,031	1,000	51,031
Changes from financing cash flow	(6,652)	(111)	(6,763)
Interest expense	–	111	111
Accretion of interest recognised during the year	2,207	–	2,207
At December 31, 2023	45,586	1,000	46,586

	Lease liabilities	Interest-bearing bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	45,586	1,000	46,586
Changes from financing cash flow	(1,663)	8,885	7,222
Disposal of lease liabilities	(44,781)	–	(44,781)
Interest expense	–	15	15
Accretion of interest recognised during the year	858	–	858
At December 31, 2024	–	9,900	9,900

(b) Total cash outflows of leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Within operating activities	1,509	3,336
Within financing activities	6,652	1,663
Total	8,161	4,999

29. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Contracted, but not provided for the purchase of items of property, plant and equipment	25,149	24,893

30. RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies are subsidiaries that have material transactions or balances with the Company during the Relevant Periods.

(a) The Group had no transactions with related parties during the Relevant Periods. The Company had transactions with its subsidiaries during the Relevant Periods.

(b) Outstanding balances with related parties:

The Company

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Amounts due from subsidiaries:		
Innogen Technology	300,915	300,915
Innogen Engineering	18,960	18,960
Total	319,875	319,875
Amounts due to subsidiaries:		
Innogen Technology	11,522	11,522
Innogen Engineering	1	1
Total	11,523	11,523

Amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group:

	Year ended December 31,	
	2023	2024
	RMB'000	*RMB'000*
Salaries and bonuses	11,137	11,143
Social welfare and other benefits	429	435
Share-based payment expenses	513,671	12,842
Total	525,237	24,420

Further details of directors' and the chief executive's remuneration are included in note 9 to the Historical Financial Information.

31. 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 were as follows:

The Group

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Financial assets		
Financial assets at FVTPL:		
Wealth management products	495,126	225,192
Financial assets at amortised cost:		
Financial assets included in prepayments, other receivables and other assets	1,337	1,050
Bank deposits with initial term of over three months	42,545	45,147
Pledged bank deposits	250,030	30
Cash and cash equivalents	157,640	526,511
Total	451,552	572,738
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	88,333	91,045
Financial liabilities included in other payables and accruals	250,441	6,437
Lease liabilities	45,586	–
Interest-bearing bank borrowings	1,000	9,900
Total	385,360	107,382

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, financial assets included in prepayments and other receivables, bank deposits with initial term of over three months, trade payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department 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 analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company twice a year for interim and annual 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 fair values of the financial assets at FVTPL have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial assets at FVTPL:

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*
Wealth management products	–	495,126	–	495,126

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*
Wealth management products	–	225,192	–	225,192

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 financial assets.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise cash and bank balances, wealth management products and interest-bearing bank borrowings. 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 financial assets included in prepayments, other receivables and other assets, trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets) and the Group's equity.

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
December 31, 2023			
If RMB weakens against the US$	5	2,115	2,115
If RMB strengthens against the US$	(5)	(2,115)	(2,115)
December 31, 2024			
If RMB weakens against the US$	5	(2,251)	2,251
If RMB strengthens against the US$	(5)	2,251	(2,251)

Credit risk

The Group trades only with recognised and creditworthy parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As 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*
Financial assets included in prepayments, Other receivables and other assets*	1,488	–	(151)	–	1,337
Pledged bank deposits	250,030	–	–	–	250,030
Bank deposits with initial term of over three months	42,545	–	–	–	42,545
Cash and bank balances	157,640	–	–	–	157,640
Total	451,703	–	(151)	–	451,552

As 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*
Financial assets included in prepayments, Other receivables and other assets*	1,215	–	(165)	–	1,050
Pledged bank deposits	30	–	–	–	30
Bank deposits with initial term of over three months	45,147	–	–	–	45,147
Cash and bank balances	526,511	–	–	–	526,511
Total	572,903	–	(165)	–	572,738

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	88,333	–	88,333
Other payables and accruals	–	73	73
Financial liabilities included in other payables and accruals	250,809	–	250,809
Lease liabilities	6,818	46,612	53,430
Interest-bearing bank borrowings	1,015	–	1,015
Total	346,975	46,685	393,660

As at December 31, 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	91,045	–	91,045
Other payables and accruals	–	72	72
Financial liabilities included in other payables and accruals	6,437	–	6,437
Interest-bearing bank borrowings	9,945	–	9,945
Total	107,427	72	107,499

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may 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 as at the end of each of the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
Total assets	1,105,364	934,800
Total liabilities	400,239	138,329
Asset-liability ratio*	36%	15%

* Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

34. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events subsequent to December 31, 2024.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2024.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

PRC TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practises of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective PRC laws and practises and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion does not deal with all possible tax consequences relating to an [**REDACTED**] in the H Shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon PRC laws and relevant interpretations in effect as at the date of this document, all of which are subject to change and may have retrospective effect. Prospective [**REDACTED**] are urged to consult their financial adviser regarding the PRC and other tax consequences of owning and disposing of H Shares.

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法), which was last amended on 31 August 2018 and came into effect on 1 January 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法實施條例), which were last amended on 18 December 2018 and came into effect on 1 January 2019, dividends paid by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Pursuant to the Notice of the State Taxation Administration (the "SAT") on Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45) (Guo Shui Han [2011] No. 348) (國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知(國税函[2011]348號)) issued by the STA on 28 June 2011, which came into effect on the same day, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rate of lower than 10%, non-foreign-invested enterprises listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rate of higher than 10% but lower than 20%, the non-foreign-invested enterprise

is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise investors

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) (the "EIT" Law), which was latest amended and implemented on 29 December 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) enacted on 6 December 2007 and became effective on 1 January 2008, and amended on 23 April 2019, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知(國税函[2008]897號)), which was issued and implemented by the STA on 6 November 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Guo Shui Han [2009] No. 394) (關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆(財税函[2009]394號)), which was issued by the STA and came into effect on 24 July 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or region, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) (the "**Arrangement**"), which was signed between the STA and the Hong Kong Government on 21 August 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including resident individual and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC company unless a Hong Kong resident directly holds 25% or more of the equity interest in the PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC

company. The Fifth Protocol to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》第五議定書), which came into effect on 6 December 2019, added a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the STA on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (國家税務總局關於執行税收協定股息條款有關問題的通知(國税函[2009]81號)).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC enterprises. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on share transfer

VAT and Local Surcharges

Pursuant to the Notice on the Full Implementation of Pilot Programme for Transition from Business Tax to VAT (Cai Shui [2016] No. 36) (關於全面推開營業税改徵增值税試點的通知(財税[2016]36號)), effective from 1 May 2016, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and sales of services within the PRC refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. The notice also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals are exempt from VAT upon transfer of financial products.

VAT taxpayers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge (collectively, "**local surcharges**"), which is usually at 12% of the VAT payable, if any. However, pursuant to the Urban Maintenance and Construction Tax Law of the PRC (中華人民共和國城市維護建設税法) which became effective on 1 September 2021, no urban maintenance and construction tax shall be levied on value-added tax or consumption tax paid for the sale of labour services, other services and intangible assets in China by overseas entities or individuals. Meanwhile, pursuant to Announcement on the Measures for Determining the Tax Basis of Urban Maintenance and Construction Tax and Other Matters (關於城市維護建設税計税依據確定辦法等事項的公告), the basis for calculating and levying education surcharges and local education surcharges is consistent with the basis for calculating the urban maintenance and construction tax since 1 September 2021. In conclusion, no urban maintenance and construction tax, education surcharges, and local education surcharges will be levied on value-added tax paid for the sale of intangible assets in China by overseas entities or individuals since 1 September 2021.

However, it is still uncertain whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares in practise. If relevant tariffs are imposed in the future, the investment value of such holders in H shares may be materially and adversely affected.

Income Tax

Individual investor

According to the Individual Income Tax Law of the PRC and its implementation rules, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%.

According to the Notice Concerning Continuing Temporary Exemption From Individual Income Tax on The Income From Stocks Transfer (Cai Shui Zi [1998] No. 61) (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知(財税字[1998]61號)) promulgated by the STA and became effective on 30 March 1998, since 1 January 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted. In the newly revised Individual Income Tax Law of the PRC, the STA did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of listed companies.

Furthermore, the Notice of the State Administration of Taxation on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知(財税[2009]167號)) implemented on 31 December 2009 stipulates that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, provided that it excludes the relevant restricted shares as defined in the Supplementary Notice Concerning the

Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知(財稅[2010]70號)) implemented on 10 November 2010. As at the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise that has not established an establishment or premises in the PRC or it has established an establishment and premises but the income received has no actual connection with the establishment and premises, it shall pay an enterprise income tax at a rate of 10% for the income arising within the PRC (including the income from sale of equity interests of PRC-resident enterprise). The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

Stamp Duty

In accordance with the Stamp Tax Law of the People's Republic of China (中華人民共和國印花稅法) promulgated by the Standing Committee of the NPC on 10 June 2021 and came into effect on 1 July 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of PRC, or entities and individuals who issue taxable certificates and conduct securities transactions outside the territory of PRC to be used within the territory of the PRC shall subject to stamp duty.

Estate Duty

As at the Latest Practicable Date, no estate duty is levied within the PRC.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Profit Tax

No profit tax is imposed in Hong Kong in respect of the sale of H shares. However, trading profits from the sale of the H shares by persons carrying on any industry, profession or business in Hong Kong, where such profits are derived from or arise in Hong Kong from

such industry, profession or business will be subject to Hong Kong profits tax. Trading profits from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading profits from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong. The trading profits from sales of the H shares for certain categories of taxpayers are likely to be regarded as deriving trading profits rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Shareholders should take advice from their own professional advisers as to their particular tax position.

Currently, the profit tax rate for the first HK$2 million of assessable profits of an incorporated company is 8.25%, and profits above such amount is subject to a tax rate of 16.5%. The profit tax rate for the first HK$2 million of assessable profits of an unincorporated company is 7.5%, and profits above such amount is subject to a tax rate of 15%.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

AFRC Transaction Levy

The AFRC Transaction Levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from January 1, 2022, which will be regarded as one of the transaction costs.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

The ETI Law, promulgated by the National People's Congress on 16 March 2007, came into effect on 1 January 2008 and last amended on 29 December 2018, as well as the Implementation Rules of the Enterprise Income Tax Law (中華人民共和國企業所得税法實施條例), promulgated by the State Council on 6 December 2007, came into force on 1 January 2008 and amended on 23 April 2019, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value-Added Tax

The major PRC Law governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例) issued on 13 December 1993 by the State Council, came into effect on 1 January 1994, and last revised on 19 November 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (中華人民共和國增值税暫行條例實施細則) issued on 25 December 1993 by the MOF, came into effect on the same day and last revised on 28 October 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (Cai Shui [2018] No. 32) (關於調整增值税税率的通知(財税[2018]32號)) on 4 April 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, and this adjustment became effect on 1 May 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (關於深化增值税改革有關政策的公告) on 20 March 2019 to make

a further adjustment, which came into effect on 1 April 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

PRC FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange regulation according to relevant laws and regulations. SAFE, with the authorisation of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulatory regulations.

On 29 January 1996, the State Council promulgated the Regulations of the PRC for Foreign Exchange Control (中華人民共和國外匯管理條例) (the "**Foreign Exchange Control Regulations**") which became effective on 1 April 1996. The Foreign Exchange Control Regulations classify all international payments and transfers into current items and capital items. Most of the current items are no longer subject to SAFE's approval, while capital items remain unchanged. The Foreign Exchange Control Regulations were subsequently amended on 14 January 1997 and 5 August 2008. The latest amendment to the Foreign Exchange Control Regulations clearly states that no restriction will be imposed on international current payments and transfers.

On 20 June 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210) (結匯、售匯及付匯管理規定(銀發[1996]210號)), which abolished the remaining restrictions on convertibility of foreign exchange under current items, while retaining the existing restrictions on foreign exchange transactions under capital items accounts.

According to the Announcement on Improving the Reform of the Renminbi (the PBOC Announcement [2005] No. 16) (關於完善人民幣匯率形成機制改革的公告(中國人民銀行公告[2005]第16號)), issued by the PBOC on 21 July 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

Starting from 4 January 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practise of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On 1 July 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorising the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange

market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers' offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9: 15 a.m. on each working day. On 11 August 2015, the PBOC announced to improve the central parity quotations of RMB against the USD by authorising market makers to provide central parity quotations to the China Foreign Exchange Trading System before the interbank foreign exchange market opens every day with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On 5 August 2008, the State Council promulgated the revised Foreign Exchange Control Regulations of the PRC, which have made substantial changes to the foreign exchange supervision system of the PRC. First, the regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, the regulations have improved the RMB exchange rate floating system based on market supply and demand under management; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, the regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at designated banks that carry foreign exchange business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, after paying taxes in according to the law, on the strength of resolutions of the board of directors on the distribution of profits, effect payment from foreign exchange accounts opened at designated banks that carry foreign exchange business, or effect exchange and payment at designated banks.

The Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (關於取消和調整一批行政審批項目等事項的決定(國發[2014]50號)) promulgated by the State Council and came into effect on 23 October 2014 provide to cancel the approval requirement of SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (關於境外上市外匯管理有關問題的通知(匯發[2014]54號)) issued by SAFE and became effective on 26 December 2014, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the branch office of SAFE located at its registered address; the proceeds from an overseas listing of a domestic company may be repatriated to China or deposited overseas, provided that the intended use of the proceeds shall be consistent with the content of the document or other public disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a dedicated foreign exchange account at a domestic bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (關於進一步簡化和改進直接投資外匯管理政策的通知(匯發[2015]13號)) promulgated by SAFE on 13 February 2015 and became effective on 1 June 2015, and partially repealed on 30 December 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (關於改革和規範資本項目結匯管理政策的通知(匯發[2016]16號)) which was promulgated by SAFE and became effective on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (Hui Fa [2020] No. 8) (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知(匯發[2020]8號)) issued by SAFE and became effective on 10 April 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilised capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential [**REDACTED**]. For more details on laws and regulations which are relevant to our business, please refer to the section headed "Regulatory Overview" in this document.

The PRC Legal System

The PRC legal system is based on the PRC Constitution (中華人民共和國憲法) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgements do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (中華人民共和國立法法), the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The NPC Standing Committee is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorisation of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the PRC Constitution or the PRC Legislation Law. The NPC Standing Committee has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution, the power to interpret laws is vested in the NPC Standing Committee. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on 10 June 1981, issues related to the further clarification or supplement of laws should be interpreted or provided by the NPC Standing Committee, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the

legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the NPC Standing Committee for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution and the Law of Organisation of the People's Courts of the PRC (中華人民共和國人民法院組織法) most recently revised on 26 October 2018 and taking effect on 1 January 2019, the people's courts are classified into the Supreme People's Court, the local people's courts at various local levels, and other special people's courts. The local people's courts at various local levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorised to supervise the judgement and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorised to supervise the judgement and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgements or rulings of the second instance at a people's court are final. A party may appeal against the judgement or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgements or rulings of the people's court are final. Judgements or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgements or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgement or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgement or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) adopted on 9 April 1991 and most recently amended on 1 September 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgement or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law of the PRC. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement.

A party seeking to enforce a judgement or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgement or ruling. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognise and execute the judgement or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgement or ruling may also be recognised and enforced in

accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgement or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (中華人民共和國公司法) which was promulgated on 29 December 2023 and took effect on 1 July 2024;

- The Overseas Listing Trial Measures and five relevant guidelines which were promulgated by the CSRC on 17 February 2023 pursuant to the PRC Securities Law and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (上市公司章程指引) (the "**Guidance for Articles of Association**") which was most recently amended on 15 December 2023 by the CSRC. The Articles of Association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix V — Summary of the Articles of Association" to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the company's articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or floatation. A company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering prospectus, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business licence has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

To [**REDACTED**] overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the National Enterprise Credit Information Publicity System within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilising the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and

(vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorisation by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

Shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the board of supervisors or supervisors;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

The general meeting may authorise the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law, a shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems necessary;

(v) the board of supervisors so proposes; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. If the board of supervisors fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregately holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the board of supervisors shall, within ten days after receipt of such request, decide whether to convene the extraordinary general meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Pursuant to the PRC Company Law, shareholders (excluding classified shareholders) present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorisation.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the board of supervisors has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system; and

(x) to exercise any other authority stipulated in the articles of association.

Any restrictions on the powers of the board of directors set out in the articles of association may not be claimed against any bona fide third party.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have passed since the expiration of the probation period;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business licence revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order to close down; or

(v) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Board of Supervisors

Pursuant to the PRC Company Law, a company shall have a supervisory board composed of not less than three members. A joint stock limited company may, in accordance with its articles of association, instead of having set up a supervisory board or supervisors, establish an audit committee which comprises directors of the Board of Directors and exercises the functions and powers of the supervisory board as stipulated in this Law. A joint stock limited company with a smaller scale or fewer shareholders may appoint one supervisor without establishing a supervisory board to exercise the functions and powers prescribed for the supervisory board by the Company Law. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association.

Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing, or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing, or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over supervisory board meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of directors or senior management are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The board of supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Pursuant to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the company. Where the controlling shareholder or actual controller of the company who does not serve as a director but actually attends to the company's affairs, shall comply with the foregoing provisions.

Directors, supervisors and management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors, supervisors and senior management are prohibited from:

(i) seizing the assets of the company or misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) taking advantage of power to accept bribes or other illegal income;

(iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(v) unauthorised divulgence of confidential information of the company; and

(vi) other acts in violation of their duty of loyalty to the company.

Where directors, supervisors and senior management directly or indirectly conclude any contract or engage in transactions with the company, they shall report to the board of directors or the shareholders' meeting and seek approval by resolutions of the board of directors or the shareholders' meeting in accordance with the articles of association. The requirement shall also apply to the conclusion of contracts or engagement in transactions by close relatives of the directors, supervisors and senior management or enterprises directly or indirectly controlled by close relatives of the directors, supervisors and senior management as well as persons who are otherwise related to the directors, supervisors and senior management.

Directors, supervisors and senior management shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to the company, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association or the company is unable to take the business opportunity in accordance with applicable laws, administrative regulations, and the articles of association.

Directors, supervisors and senior management shall not engage in the business similar to those of the company for themselves or others, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business licence; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the board of supervisors and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. Where any losses need to be covered with reserve fund of the company, discretionary reserve fund and statutory common reserve fund shall first be used and if still insufficient, capital reserve fund can be used in accordance with applicable provisions. Upon the transfer of the statutory common reserve fund into increasing capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's capital shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' general meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business licence of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

On the occurrence of the abovementioned events, the company shall make an announcement on the National Enterprise Credit Information Publicity System within ten days.

In the event of paragraphs (i) and (ii) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, the liquidation procedures shall be conducted and directors shall be the company's liquidation obligor and it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The liquidation committee shall be composed of directors or any other persons determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period or the liquidation fails

to effect after the establishment of a liquidation committee, the interested party may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any outstanding tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to distribute the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their wilful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law of the PRC, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Demerger

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be in the press or on the National Enterprise Credit Information Publicity System within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

Where a company merges with another company in which the former holds not less than 90% of the shares, the acquired company is not required to obtain approval by resolution of its shareholders' meeting, but shall notify the other shareholders who have the right to request the company to buy its equities or shares as a reasonable price. If the price paid for a company's merger dose not exceed 10% of the company's net assets, approval by resolution of its shareholder's meeting may not be required unless otherwise provided by the company's articles of association. Where a company's merger is exempt from approval by resolution of the shareholders' meeting in the previous two cases, it shall be subject to approval by resolution of the board of directors.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement shall be made in the press or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities

by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The PRC Arbitration Law (中華人民共和國仲裁法) was enacted by the NPC Standing Committee on 31 August 1994, which became effective on 1 September 1995 and was last amended on 1 September 2017. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law of the PRC. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the Civil Procedure Law of the PRC, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement.

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court:

(i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;

(ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;

(iv) the evidence on which the award is based is forged;

(v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;

(vi) the arbitrators have committed acts of embezzlement, bribery, favouritism and malpractice, or perverting the law in arbitrating the case.

If the people's court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognised and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (承認及執行外國仲裁裁決公約) (the "New York Convention") adopted on 10 June 1958 pursuant to a resolution of the NPC Standing Committee passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the NPC Standing Committee declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排) were passed at the Judicial Committee meetings of the Supreme People's Court on 18 June 1999, which went into effect on 1 February 2000. The Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排) were promulgated by the Supreme People's Court on 26 November 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong, the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgement and its Enforcement

On 14 January 2019, the Judicial Committee of the Supreme People's Court adopted the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), which took effect on 29 January 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the mainland China. The arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The arrangement further regulates, among others, the scope and particulars of judgements, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgement, the circumstances where the recognition and enforcement of judgement shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgements in civil and commercial matters between the courts in mainland China and those in the Hong Kong. Upon implementation of this Arrangement, the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgements of Civil and Commercial Matters under Consensual Jurisdiction (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) which was adopted by the Judicial Committee of the Supreme People's Court on 12 June 2006 and took effect on 1 August 2008 has been repealed.

This Appendix contains a summary of the principal provisions of the Articles of Association (the "AoA"), which will become effective on the date on which the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange. The main purpose of this appendix is to provide an overview of the AoA for prospective [**REDACTED**], and therefore it may not contain all the information that is important to prospective [**REDACTED**].

DIRECTORS

Power to Allot and Issue Shares

The AoA do not contain clauses that authorize the board of directors to allot or issue shares. Any such allotment or issuance shall be in accordance with the procedures stipulated in applicable laws and administrative regulations.

Power to Dispose of the Issuer's or Any of Its Subsidiaries' Assets

The board of directors shall exercise the function and power to decide on the acquisition and disposal of assets of the Company within the scope of authorization by the shareholders' meeting.

Giving of Financial Assistance to Purchase the Issuer's or Any of Its Subsidiaries' Shares

The Company or its subsidiary companies (including enterprises affiliated to it) shall not, in the form of grants, advances, guarantees, compensations or loans, among others, provide any financial aid to directors purchasing or intending to purchase the shares of the Company, except for the implementation of employee stock ownership plans.

Remuneration

The shareholders' meeting shall exercise the function and power in accordance with the laws to decide on the matters relating to the remuneration of the directors, which shall be passed by ordinary resolutions.

Retirement, Appointment, Removal

The board of directors consists of no more than 9 directors and has one chairman. At all times, at least one-third of the board of directors shall be independent non-executive directors, and the total number of independent non-executive directors shall not be less than three, among whom there shall be at least one independent non-executive director with appropriate professional qualifications meeting the regulatory requirements, or with appropriate accounting or relevant financial management expertise.

The shareholders' meeting shall exercise the function and power in accordance with the laws to elect and change the directors, which shall be passed by ordinary resolutions.

Directors shall be elected or replaced at the shareholders' meeting, and the shareholders' meeting may remove the director from his or her office before the expiration of the term of office. The term of office of a director is three years, and a director may be re-elected and serve consecutive terms upon expiration of the term.

The term of office of a director shall commence from the date of him/her assuming office until expiry of the term of the prevailing session of the board of directors. If the term of office of a director expires but re-election is not made forthwith, before the re-elected director takes office, such retiring director shall continue to perform his/her duties as a director pursuant to the requirements of the laws, administrative regulations, departmental rules and this AoA.

The directors of the Company shall be natural persons, but a person who falls under any of the following circumstances may not serve as a director of the Company: (i) the person is without civil conduct capacity or with limited civil conduct capacity; (ii) it has not been more than five years since the person's completion of service of a sentence received for a crime of embezzlement, bribery, appropriation of property, misappropriation of property, or disruption of the economic order of the socialist market, or it has not been more than five years since the person's completion of service of a sentence to deprival of political rights for a crime or it has not been more than two years from the date of expiration of the probation period; (iii) it has not been more than three years since the date of completion of bankruptcy liquidation of a company or enterprise where the person used to be a director or a factory director or a manager who was personally liable for the bankruptcy of the company or enterprise; (iv) it has not been more than three years since the date of forfeiture of the business license of a company or enterprise of which the person used to be the legal representative who was personally liable for the forfeiture of the business license or the ordered closedown of the company or enterprise for any violation of the law; (v) the person fails to repay a relatively large amount of due debts and has been listed as dishonest person subject to enforcement by the people's court; (vi) the person is banned by the CSRC from access to the securities market, and the ban has not expired; or (vii) any other circumstances as set out by any law, administrative regulation or departmental rule, the Listing Rules, or the regulatory rules of the place where the Company's shares are listed. Where any director is elected or appointed in violation of this article, such election or appointment shall be void. Where any director falls under any of the circumstances as set out in this article during his or her term of office, the Company shall remove him or her from the office.

Borrowing Powers

The AoA do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors, other than provisions which (a) give the Board the power to formulate proposals for the issuance of corporate bonds by the Company; and (b) the shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company may make amendments to this AoA in accordance with the provisions of the laws, administrative regulations, the Hong Kong Listing Rules and this AoA subject to the approval by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

The Company shall amend the AoA if falling in one of the following situations: (i) upon revision of the Company Law or the relevant laws and administrative regulations, the Hong Kong Listing Rules or other regulatory rules of the place where the company's shares are listed, the provisions of the AoA conflict with the revised laws, administrative regulations, the Hong Kong Listing Rules or other regulatory rules of the place where the company's shares are listed; (ii) where the Company's circumstances change to such an extent that they are inconsistent with what is registered in the AoA; or (iii) where the shareholders' meeting resolves to amend the AoA.

Where any amendment to the AoA adopted by a resolution of the shareholders' meeting is subject to the approval of the appropriate authorities, it shall be reported to the appropriate authorities for approval. Where the Company's registration items are involved, such amendments shall be registered according to the laws.

SPECIAL RESOLUTIONS — MAJORITY REQUIRED

Resolutions of shareholders' meetings include ordinary resolutions and special resolutions.

Special resolutions of the shareholders' meetings shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be passed by special resolutions at a shareholders' meeting: (i) increase or reduction in the registered capital of the Company; (ii) the merger, division, split, dissolution and liquidation or change of the form of the Company; (iii) amendment to this AoA; (iv) purchase or disposal of material assets or provision of guarantee by the Company within 12 consecutive months with an amount exceeding 30% of the latest audited total assets of the Company; (v) formulation, amendment, and implementation of the share incentive scheme; (vi) making resolutions on the issuance of corporate bonds or other securities and listing plans; and (vii) other matters stipulated by laws, administrative regulations, or the AoA, and other matters considered by the shareholders' meeting, by way of ordinary resolution, to have a material impact on the Company and need to be approved by special resolution.

VOTING RIGHTS (GENERALLY AND ON A POLL)

Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent, and each share shall have one vote. When a poll is taken, a shareholder (including his/her/its proxies) entitled to two or more votes does not need to cast all his/her votes as affirmative or negative votes or abstention.

The shares held by the Company have no voting right, and those shares are not included in the total number of voting shares present at the shareholders' meeting.

Where a shareholder purchases shares of the Company with voting rights in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall neither be exercised within 36 months after the purchase, nor be included in the total number of shares with voting rights attending the shareholders' meeting.

If it is required by the provisions of the laws, administrative regulations or regulatory rules of the place where the shares of the Company are listed that shareholder shall not exercise any voting right or shall abstain from voting or be restricted to cast only affirmative or negative votes on a specific resolution, then the not exercising of voting rights or abstaining from voting by the shareholder or his/her/its proxy pursuant to the aforementioned provisions, or any votes cast by the shareholder or his/her/its proxy in breach of the aforementioned provisions or restrictions shall not be counted in the voting results.

The board of directors, an independent non-executive director, or a shareholder holding 1% or more of the voting shares of a company or an investor protection institution formed in accordance with laws, administrative regulations, or the rules of securities regulatory authorities of the place where the Company's shares are listed may publicly solicit proxies. In proxy solicitation, the voting intention and other relevant information shall be fully disclosed to the shareholders from whom proxy is solicited. The qualified shareholders of the Company publicly solicit the convening rights, rights to submit proposals, rights of nomination, voting rights at the shareholders' meetings and other shareholder rights lawfully held by other shareholders. Proxy solicitation with the provision of direct or indirect compensation shall be prohibited. The Company may not impose any minimum shareholding requirement for proxy solicitation, except under the conditions as stipulated in the relevant laws and regulations.

When matters relating to related party transactions are reviewed at a shareholders' meeting, the shareholders constituting related persons (the "**related shareholders**") shall abstain from voting, the number of voting shares they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the shareholders' meeting shall fully disclose the voting of the non-related shareholders.

REQUIREMENTS FOR ANNUAL SHAREHOLDERS' MEETINGS

The shareholders' meeting is the authoritative body of the Company and shall exercise the following functions and powers in accordance with the laws:

(i) to elect and replace directors and supervisors who are not employee representatives and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to consider and approve the reports of the Board;

(iii) to consider and approve the reports of the Board of Supervisors;

(iv) to consider and approve the Company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of the registered capital of the Company;

(vi) to resolve on the issue of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(viii) amendments to the AoA;

(ix) to resolve on the appointment and dismissal of the accounting firm of the Company;

(x) to consider and approve the guarantee matters stipulated in the AoA;

(xi) to consider the purchase or disposal of material assets, or guarantee within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(xii) to consider and approve the change of use of proceeds;

(xiii) to consider and approve share incentive schemes and employee share ownership scheme;

(xiv) to consider other matters required by laws, administrative regulations, other regulatory rules of the place where the company's shares are listed, or the AoA to be decided by the shareholders' meeting.

The shareholders' meetings of the Company include the annual shareholders' meetings and the extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once a year, and shall be held within six months after the end of the prior fiscal year.

ACCOUNTS AND AUDIT

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the provisions of relevant PRC authorities. Where the securities regulatory authorities of the place where the shares of the company are listed provide otherwise, such provisions shall prevail.

The company shall prepare the company's annual financial report within 4 months from the end of each accounting year and the company's interim financial report within 2 months after the end of first six months in accordance with relevant laws, regulations, the Listing Rules, and other regulatory rules of the place where the company's shares are listed.

NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

A notice of the Company shall be issued in the following manner:

(i) by a designated person;

(ii) by fax or mail;

(iii) by announcement;

(iv) on the designated websites of the Company and the Hong Kong Stock Exchange;

(v) other means stipulated by laws, administrative regulations, departmental rules, other regulatory rules of the place where the company's shares are listed and the AoA.

The Company shall hold an extraordinary shareholders' meeting within two months upon the occurrence of any of the following events: (i) the number of Directors is less than the number stipulated in the PRC Company Law or less than two-thirds of the number specified in the AoA; (ii) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital; (iii) when shareholders individually or jointly holding 10% or more of the Company's shares so request; (iv) when deemed necessary by the Board of Directors; (v) proposed by the supervisory committee; and (vi) other circumstances as stipulated by the laws, administrative regulations, department rules, regulatory rules of the place where the shares of the Company are listed or this AoA.

The convener shall notify all shareholders by way of announcement 21 clear business days before the annual shareholders' meeting and shall notify all shareholders by way of announcement 15 days before the extraordinary shareholders' meeting.

Where the Company convenes a shareholders' meeting, the board of directors, the supervisory committee and shareholder(s) holding individually or collectively 3% or more of the Company's shares may submit a proposal to the Company.

Shareholder(s) holding individually or collectively 1% or more of the Company's shares may submit a temporary proposal in writing to the convener of the shareholders' meeting 10 days before the date of the shareholders' meeting. The Board shall, within two days after receiving the proposal, send a supplementary notice of the shareholders' meeting detailing the content of the temporary proposal.

Save as the circumstances specified above, the convener shall not amend the proposals having been set out in the notice of the shareholders' meeting or add any new proposal after sending the notice.

The proposals not listed in the notice of the shareholders' meeting or inconsistent with the provisions of this AoA shall not be voted and resolved at the shareholders' meetings.

TRANSFER OF SHARES

Shares of the Company are legally transferable. The Shares which have already been issued prior to the Company's [**REDACTED**] shall not be transferred within one year after the Company's stocks are [**REDACTED**] at the stock exchange.

The Company refuses its own stocks as the subject matter of pledge right.

Directors, Supervisors and senior management of the Company shall declare to the Company their holdings of shares (including preferred shares, if any) in the Company and any changes thereof, and shall not transfer more than 25% of the total number of shares of the Company held by them each year during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are [**REDACTED**] and [**REDACTED**]. The above personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

If the Company's Board does not comply with the provision of the preceding paragraph, the shareholders can request the Board to do so within 30 days. If the Company's Board does not enforce such right within the aforesaid period, the shareholders are entitled to commence litigations in the people's court in their own names for the interests of the Company.

POWER OF THE ISSUER TO PURCHASE ITS OWN SHARES

The Company shall not buy back its shares, except in one of the following circumstances:

(i) reducing the registered capital of the Company;

(ii) merging with another company that holds shares in the Company;

(iii) using shares for employee stock ownership plan or equity incentives;

(iv) shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to buy back their shares;

(v) utilizing shares for conversion into convertible corporate bonds issued by the listed company;

(vi) being deemed necessary by the listed company for the protection of the company's value and shareholders' interests;

(vii) Other circumstances permitted by laws, administrative regulations, departmental rules, normative documents, the Listing Rules, and other regulatory rules of the place where the company's shares are listed.

Repurchase of the Company's shares can be carried out in a public and centralized manner, or other ways approved by the laws and administrative regulations and the Listing Rules and the CSRC.

Repurchase of the Company's shares in the circumstances as stipulated in items (3), (5) or (6) of the preceding paragraph shall be carried out in a public and centralized manner.

Where the Company repurchases its shares under the circumstances set out in item (i) above, such shares shall be cancelled within 10 days from the date of repurchase; where the Company repurchases its shares under the circumstances set out in items (ii) and (iv) above, such shares shall be transferred or cancelled within six months; where the Company repurchases its shares under the circumstances set out in items (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three years.

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

Shareholders of the Company shall enjoy the right to receive dividends and other forms of distributions of interest in proportion to their respective shareholdings.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund.

Where the Company's statutory reserve fund is insufficient to cover the previous year's losses, the Company shall first use the profits of the current year to cover the losses before withholding the statutory reserve fund according to the preceding paragraph.

After the Company withholds the statutory reserve fund from the after-tax profit, it may further withhold optional reserve fund from the after-tax profit upon resolution by the shareholders' meeting.

The remaining after-tax profits of the Company after making up the losses and withholding the reserve funds may be distributed according to the proportion of shares held by the shareholders, unless it is provided in this AoA not to distribute according to the proportion of shares held.

Where the shareholders' meeting, in violation of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses and withholds the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not participate in the distribution of profits.

After the shareholders' meeting makes a resolution on the profit distribution plan, the board of directors shall complete the distribution and payment of dividends (or shares) within two months of the shareholders' meeting.

PROXIES

Any shareholder entitled to attend and vote at the shareholders' meeting may attend shareholders' meetings in person or appoint one or several persons (who may not be shareholders) to act as his/her/its proxy to attend and vote at the shareholders' meeting on his/her/its behalf.

The power of attorney issued by the shareholders to appoint other persons to attend the shareholders' meeting shall contain the following contents: (i) the name of the proxy; (ii) whether the proxy has the right to vote or not; (iii) the instructions on voting in favor of, against or abstaining from each item listed on the agenda of the shareholders' meeting; (iv) the date of issuance and validity period of the power of attorney; and (v) signature (or seal) of the principal or the appointed proxy in writing. If the principal is an institution shareholder, the power of attorney shall be affixed with the seal of the institution or executed by its directors, officially appointed proxy or officially authorized person.

INSPECTION OF REGISTER OF MEMBERS

The Company shall create a register of members based on the documents provided by the securities depository institution. The register of members shall be sufficient evidence of the shareholders' shareholding in Company. The shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. The shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The register of members shall contain the following items, or the shareholders shall be registered pursuant to the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules: (i) the name (title), address (domicile), occupation or nature of each shareholder; (ii) the class and number of shares held by each shareholder; (iii) the amount paid

or payable on the shares held by each shareholder; (iv) the serial numbers of the shares held by each shareholder; (v) the date on which each shareholder was registered as a shareholder; and (vi) the date on which each shareholder ceased to be a shareholder.

Copies of the register of members of overseas listed shares shall be kept at the Company's domicile. Appointed overseas agencies shall from time to time maintain the consistency of the original register of members of overseas listed shares and the copies thereof. In case of any inconsistency between the original and copies of the register of members of overseas listed shares, the original shall prevail.

The Company shall keep a complete register of members. A register of members shall contain the following parts: (i) register of members other than those provided in items (ii) and (iii) below and kept at the Company's domicile; (ii) register of members of overseas listed shares of the Company kept at the place where the stock exchange where the shares are listed overseas is located; (iii) register of members kept in other place(s) decided by the board of directors for the purpose of listing the shares of the Company.

Different parts of the register of members shall not overlap. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares, be registered in any other part of the register of members. Changes or corrections to each part of the register of members shall be made pursuant to the laws of the places where that part is kept.

Shareholders of the Company enjoy the rights to consult the register of members of the Company according to the provisions of laws, administrative regulations and this AoA.

The Company shall keep the full copies of the register of members at the address of the Company. The Company may suspend registration of shareholders on terms equivalent to those under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

The controlling shareholders, de facto controllers, directors, supervisors and senior management of the Company shall not use their connected relations to damage the interests of the Company. If the violation causes losses to the Company, it shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall perform fiduciary duty to the Company and general public shareholders thereof. The controlling shareholders shall exercise capital contributors' rights in strict accordance with laws, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation, loan and guarantee and shall not abuse their controlling status to damage the interests of the Company and general public shareholders.

PROCEDURES ON LIQUIDATION

The Company shall be dissolved for the following reasons:

(i) the term of its operations as is stipulated in the AoA has expired or events of dissolution specified in the AoA have occurred;

(ii) the shareholders' meeting resolves to dissolve the Company;

(iii) dissolution is necessary due to merger or division of the Company;

(iv) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;

(v) Where the Company encounters serious difficulties in its operation and management and its continuous existence will cause significant losses to the interests of 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 the People's Court to dissolve the Company;

Where the Company is dissolved pursuant to items 1, 2, 4 and 5 above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of the cause of dissolution. The liquidation committee shall be composed of Directors or persons determined by the shareholders' meeting. If a liquidation committee is not established within the time limit, the creditors may apply to the People's Court to designate relevant personnel to form a liquidation committee to carry out liquidation.

The liquidation committee shall notify creditors within ten days of its establishment, and make announcements on newspaper or National Enterprise Credit Information Publicity System within 60 days of its establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims. During the period of declaration of claims, the liquidation committee shall not repay the debts to creditors.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts, shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit the same to the shareholders' meeting or the People's Court for confirmation, and submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

OTHER PROVISIONS MATERIAL TO THE ISSUER OR THE SHAREHOLDERS THEREOF

Shares

Issuance of Shares

The shares of the Company shall be in registered form. The share certificates of the Company shall contain items provided in *the Company Law* and other items as required by the stock exchange where the shares of the Company are listed. Each share of the same class of the Company shall have equal rights.

All the shares issued by the Company shall have a par value indicated in Renminbi.

The Company or its subsidiary companies (including enterprises affiliated to it) shall not, in the form of grants, advances, guarantees, compensations or loans, among others, provide any financial aid to any person purchasing or intending to purchase the shares of the Company, except for the implementation of employee stock ownership plans by the Company.

Increase and Reduction of Shares

Increase of Registered Capital

The Company may, based on its business and development needs and in accordance with the laws and regulations increase its capital in the following ways, subject to separate resolutions of the shareholders' meeting:

(i) public offering of shares;

(ii) non-public issuance of shares;

(iii) allocating or distributing new shares to its existing shareholders;

(iv) conversion of capital reserve into share capital;

(v) other means as stipulated by laws and regulations, or as approved by relevant regulatory authorities.

Reduction of Registered Capital

The Company may reduce its registered capital. When the Company needs to reduce its registered capital, it shall comply with the procedures stipulated in the PRC Company Law and other relevant regulations and Listing Rules and this AoA.

RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other distributions in proportion to the number of shares held;

(ii) to request, summon, preside over, attend or appoint a proxy to attend shareholders' meetings in accordance with the laws, and to exercise the corresponding voting right;

(iii) to supervise the operation of the Company, making suggestions or enquiries;

(iv) to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations, the Listing Rules and the AoA;

(v) to inspect the AoA, register of members, counterfoil of company debentures, minutes of shareholders' meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

(vii) to request the Company to buy back the shares of shareholders objecting to resolutions of the shareholders' meeting concerning merger or division of the Company;

(viii) other rights stipulated by laws, administrative regulations, departmental rules, or the AoA.

Shareholders of the Company shall assume the following obligations:

(i) to abide by laws, administrative regulations, departmental rules, other regulatory rules of the place where the company's shares are listed and the AoA;

(ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(iii) not to make divestment unless in the circumstances stipulated by laws and regulations;

(iv) not to abuse the rights of shareholders to damage the interests of the Company or that of other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;

(v) other obligations imposed by laws, administrative regulations, the Listing rules, other regulatory rules of the place where the company's shares are listed and the AoA.

Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation; Shareholders of the Company who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liabilities for the debts of the Company.

THE BOARD OF DIRECTORS

Board of Directors

The Company shall have a board of directors which shall be accountable to the shareholders' meeting. The Board shall consist of no more than 9 Directors, including no less than 3 independent non-executive Directors.

The Board shall exercise the following powers:

(i) to summon shareholders' meetings and report its work to the shareholders' meetings;

(ii) to implement the resolutions of the shareholders' meeting;

(iii) to decide on the Company's business plans and investment plans;

(iv) to formulate the Company's profit distribution plans and loss recovery plans;

(v) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of shares, bonds or other securities and listing plans;

(vi) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;

(vii) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions and external donations, etc.;

(viii) to decide on appointing or dismissing general manager, secretary to the Board and other senior management as well as their remunerations, rewards and penalties; to decide on appointing or dismissing senior management such as chief financial officer of the Company in accordance with the nominations by general manager, and to decide on their remunerations and rewards and punishments;

(ix) to formulate the basic management system of the Company;

(x) to formulate the proposals for any amendment to the AoA;

(xi) to manage information disclosure of the Company;

(xii) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;

(xiii) to listen to work reports of the general manager and review his work;

(xiv) other functions and powers conferred by laws, regulations, the Listing Rules, other regulatory rules of the place where the company's shares, the shareholders' meeting or the AoA.

Matters beyond the scope of authorization of the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

SECRETARY TO THE BOARD OF DIRECTORS

The Company has a secretary to the board of directors, who is responsible for the preparations for the meetings of the shareholders' meeting and the board of directors, retention of documents, management of materials on shareholders, and handling of information disclosure and other matters.

SUPERVISORS AND THE BOARD OF SUPERVISORS

Supervisors

The Directors, general manager and other senior management personnel shall not concurrently serve as supervisors.

The term of office of a supervisor is three years. A supervisor may be re-elected and serve consecutive terms upon expiration of his/her term of office. If the term of office of a supervisor expires but re-election is not made forthwith, or a supervisor resigns prior to the expiration of his/her term of office and the number of the members of the supervisory committee therefore does not constitute a quorum, before the re-elected supervisor takes office, such retiring supervisor shall continue to perform his/her duties as a supervisor pursuant to the provisions of the laws, administrative regulations and this AoA.

Supervisors may attend the board meetings as nonvoting delegates and make inquiries or recommendations on the matters to be reviewed by the board of directors.

Board of Supervisors

The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of three Supervisors. The Board of Supervisors shall have one chairman. The chairman of the board of supervisors is elected by more than half of all supervisors.

The Board of Supervisors shall include an appropriate proportion of representatives of the Company's employees, with the proportion of employee representatives not less than one-third. The employee representatives of the Board of Supervisors shall be democratically elected by the Company's employees at the employee representative assembly, employee meeting or otherwise.

The Board of Supervisors shall exercise the following powers:

(i) to review the regular reports of the Company prepared by the Board of Directors and submit its written opinions thereon;

(ii) to examine the financial matters of the Company;

(iii) to supervise the performance of duties by Directors and senior management and to propose the removal of Directors and senior management who have violated laws, administrative regulations, the AoA or the resolutions of the shareholders' meetings;

(iv) to demand rectification from a Director, senior manager when the acts of such persons are detrimental to the interests of the Company;

(v) to propose the convening of extraordinary shareholders' meetings and to summon and preside over shareholders' meetings when the Board fails to perform the duty of summoning and presiding over shareholders' meetings under the PRC Company Law;

(vi) to submit proposals to the shareholders' meeting;

(vii) to initiate proceedings against Directors and senior management in accordance with the relevant laws and the AoA;

(viii) to investigate any irregularities identified in the operation of the Company; if necessary, to engage professional institutions such as accounting firms and law firms to assist its work at the expense of the Company;

(ix) to exercise other powers conferred by the AoA or the shareholders' meeting.

Resolutions of the Board of Supervisors shall be passed by more than half of the Supervisors.

GENERAL MANAGER

The general manager shall be accountable to the Board and exercise the following powers:

(i) 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;

(ii) to organize the implementation of the Company's annual business plan and investment plan;

(iii) to draft plans for the establishment of the Company's internal management structure;

(iv) to draft the basic management system of the Company;

(v) to formulate the specific rules and regulations of the Company;

(vi) to propose to the Board to appoint or dismiss chief financial officer of the Company and other senior management;

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(viii) to exercise other powers conferred by the AoA or the Board.

The general manager is to attend Board meetings.

FURTHER INFORMATION ABOUT THE COMPANY

Establishment of the Company

The Company was established as a limited liability company under the laws of the PRC on December 5, 2014 and was converted into a joint stock limited company under the laws of the PRC on December 6, 2022. Our registered office is located at Room 409, Building H, Self-numbered Creative Building, No. 2 Tengfei Second Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, PRC.

The Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 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. Ms. Sze Suet Ling has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

Changes in the Share Capital of the Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in "History, Development and Corporate Structure — Our Subsidiaries" and Note 1 to the Accountants' Report as set out in Appendix I to this document.

Save for Haikou Innogen's establishment on February 18, 2025 under the laws of the PRC with a registered capital of RMB300,000,000 and Guangzhou Innogen Manufacturing's establishment on July 10, 2024 under the laws of the PRC with a registered capital of RMB1,000,000, there has been no alteration in the registered capital of our subsidiaries within two years immediately preceding the date of this document.

Resolutions of the Shareholders

Pursuant to a general meeting held on October 30, 2024, the Shareholders resolved that, among others:

(a) the issuance by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares being [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of the Company as [**REDACTED**] by the [**REDACTED**] (without taking into account of any H Shares which may be issued upon the exercise of the [**REDACTED**]), and the grant of the [**REDACTED**] in respect of not more than [**REDACTED**] of the number of H Shares initially available under the [**REDACTED**];

(c) subject to the CSRC's approval, upon completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares in aggregate held by [45] Shareholders will be converted into H Shares on a one-for-one basis;

(d) the granting of a general mandate to the Board to separately or concurrently allot, issue and deal with additional Shares, and the number of such Shares shall not exceed 20% of the Shares in issue as of the [**REDACTED**];

(e) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association which shall become effective on the [**REDACTED**], and authorization to the Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the [**REDACTED**]; and

(f) authorization of the Board or its authorized individual(s) to handle all matters relating, among other things, to the [**REDACTED**], the issue and the [**REDACTED**] of H Shares on the Stock Exchange.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We [have] entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the [**REDACTED**].

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry date
1.	达必刚(Diabegone)	23150657	Innogen Technology	PRC	5	March 13, 2028
2.	达必刚(Diabegone)	23150657	Innogen Technology	PRC	35	March 13, 2028
3.	苏帕鲁肽（Supaglutide）	23150658	Innogen Technology	PRC	35	May 27, 2028
4.	澳必刚	62963289	Innogen Technology	PRC	5	September 6, 2032
5.	OBSEGONE	69368018	Innogen Technology	PRC	5	July 20, 2033
6.	NASGONE	65058542	Innogen Technology	PRC	5	November 27, 2032
7.	MAFGONE	65045772	Innogen Technology	PRC	5	November 27, 2032
8.	INNOGEN	74062246	Innogen Technology	PRC	5	March 13, 2034
9.	达毕诺	76517602A	Innogen Technology	PRC	5	August 20, 2034
10.	达必悠	72119065	Innogen Technology	PRC	5	December 6, 2033
11.	怡诺轻	72130075	Innogen Technology	PRC	5	December 13, 2033
12.	Diabegone	5840138	Innogen Technology	U.S.	5	August 19, 2029

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain name which we considered to be material to our business:

No.	Domain name	Owner	Expiry date
1.	innogenpharm.com	Innogen Technology	September 4, 2025

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Grant date
1.	Composition and method for prevention and treatment of type I diabetes	The Company	US8278420	U.S.	Invention	October 2, 2012
2.	GLP/1/exendin 4 IgG Fc fusion constructs for treatment of diabetes	The Company	US8658174	U.S.	Invention	February 25, 2014
3.	Method of ameliorating symptoms of type 1-diabetes using GABA related compounds and GLP-1/exendin-4 compounds	The Company	US8680051	U.S.	Invention	March 25, 2014
4.	Pharmaceutical composition for the treatment of type-1 diabetes	The Company	US9463174	U.S.	Invention	October 11, 2016
5.	Growth hormone secretagogue receptor-based proteins, nucleic acids and methods and uses thereof	The Company	JP6609480	Japan	Invention	November 20, 2019

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Grant date
6.	Growth hormone secretagogue receptor based protein	The Company	US9790266	U.S.	Invention	October 17, 2017
7.	Growth hormone secretagogue receptor-related protein, nucleic acid, preparation method and application thereof (一種生長激素促分泌激素受體相關蛋白、核酸、製備方法及應用)	The Company Innogen Technology Innogen Engineering	201480027110.5	PRC	Invention	November 5, 2019
8.	Compositions and uses for the treatment of diabetes (用於治療糖尿病的組合物及應用)	The Company Innogen Technology Innogen Engineering	201010143359.6	PRC	Invention	September 28, 2016
9.	Pharmaceutical complex for preventing and treating type I diabetes and application thereof (一種用於預防和治療I型糖尿病的藥物複合物及其應用)	The Company Innogen Technology	200610127238.6	PRC	Invention	November 4, 2009
10.	Compositions and methods for the prevention and treatment of type I and type II diabetes mellitus (用於預防和治療I型和II型糖尿病的組合物和方法)	The Company Innogen Technology	200680035546.4	PRC	Invention	January 4, 2012
11.	Disposable auto-injector (一次性自動注射器)	Innogen Technology	202330711101.X	PRC	Design	August 13, 2024

As of the Latest Practicable Date, we had applied for the following patents which we considered to be material to our business:

No.	Title of Invention	Application number	Applicant	Place of application	Patent type	Filing date
1.	Improved GLP-1 receptor agonist and fusion protein and uses thereof (一種改進的GLP-1 受體激動劑和融合蛋白及其應用)	202210720621.1	The Company Innogen Technology Innogen Engineering	PRC	Invention	June 23, 2022
2.	Recombinant cell and its construction method and application (一種重組細胞及其構建方法和應用)	202210718428.4	The Company Innogen Technology Innogen Engineering	PRC	Invention	June 23, 2022
3.	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof (一種改進的GLP-1 受體激動劑的融合蛋白和應用)	PCT/CN2023/101978	The Company Innogen Technology Innogen Engineering	PCT	Invention	June 21, 2023
4.	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof	P230101621	The Company Innogen Technology Innogen Engineering	Argentina	Invention	June 23, 2023
5.	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof (一種改進的GLP-1受體激動劑的融合蛋白和應用)	202380010196.X	The Company Innogen Technology Innogen Engineering	PRC	Invention	June 21, 2023

No.	Title of Invention	Application number	Applicant	Place of application	Patent type	Filing date
6.	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof (一種改進的GLP-1受體激動劑的融合蛋白和應用)	62024096815.1	The Company Innogen Technology Innogen Engineering	Hong Kong	Invention	June 21, 2023
7.	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof (一種改進的GLP-1受體激動劑的融合蛋白和應用)	TW112148282	The Company Innogen Technology Innogen Engineering	Taiwan Region	Invention	December 12, 2023
8.	Irisin fusion protein and uses thereof (一種Irisin融合蛋白及其用途)	PCT/CN2024/132006	Innogen Technology	PCT	Invention	November 14, 2024
9.	Irisin fusion protein and uses thereof (一種Irisin融合蛋白及其用途)	TW113143206	Innogen Technology	Taiwan Region	Invention	November 11, 2024
10.	Pharmaceutical preparation comprising GLP-1 fusion protein and use thereof (一種包含GLP-1融合蛋白的藥物製劑及其應用)	TW113112225	The Company Innogen Technology Innogen Engineering	Taiwan Region	Invention	March 29, 2024
11.	Pharmaceutical preparation comprising GLP-1 fusion protein and use thereof (一種包含GLP-1融合蛋白的藥物製劑及其應用)	PCT/CN2024/085034	The Company Innogen Technology Innogen Engineering	PCT	Invention	March 29, 2024
12.	Fusion protein comprising an improved GLP-1 receptor agonist and uses thereof (一種改進的GLP-1多肽的融合蛋白和應用)	202410764946.9	Innogen Technology	PRC	Invention	June 13, 2024

FURTHER INFORMATION ABOUT THE DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

Particulars of Directors' and Supervisors' Service Contracts

We [have] entered into a service contract or a letter of appointment with each of the Directors and Supervisors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts and letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of the Group.

Remuneration of Directors and Supervisors

For details of the remuneration of Directors and Supervisors, see "Directors, Supervisors and Senior Management — Directors' and Supervisors' Remuneration and Remuneration of the Five Highest-paid Individuals" and "Appendix I — Notes to the Historical Financial Information — 9. Directors' and Chief Executive's Remuneration".

Disclosure of Interests

Interests of the Directors, Supervisors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the conversion of the Unlisted Shares into H Shares, so far as the Directors are aware, none of the Directors, Supervisors or chief executive of the Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of [**REDACTED**] Issuers as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange, once the H Shares are [**REDACTED**] on the Stock Exchange.

Name	Position	Nature of interest	Number and description of Shares held	Approximate percentage of shareholding in the relevant type of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[1]
Dr. Wang . .	Chairman of the Board, executive Director, and general manager of the Company	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
			[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		Interest in controlled corporation[2]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
			[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		Interest jointly held with another person[3]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
			[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Unlisted Shares and (ii) [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be issued upon the exercise of the [**REDACTED**]).

(2) As of the Latest Practicable Date, Shanghai Nuotang, an entity wholly-owned by Dr. Wang, was the general partner of the Employee Incentive Platforms. As a result, Dr. Wang is deemed to be interested in the 65,374,748 Shares held by the Employee Incentive Platforms under the SFO.

As of the Latest Practicable Date, Hong Kong Innogen was wholly-owned by Dr. Wang. As a result, Dr. Wang is deemed to be interested in the 12,750,222 Shares held by Hongkong Innogen under the SFO.

(3) Pursuant to the Concert Party Agreement entered into between Dr. Wang and Hong Kong Invengen, Dr. Wang and Hong Kong Invengen agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings of the Company; and (ii) that when no consensus can be reached, Hong Kong Invengen shall vote in concurrence with Dr. Wang on the proposals. As a result, Dr. Wang is deemed to be interested in all the Shares in which Hong Kong Invengen is interested under the SFO.

Interests of substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executive of the Company) who will, immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the conversion of the Unlisted Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed to the Company 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Agency Fees or [REDACTED] Received

The [**REDACTED**] will receive an [**REDACTED**] in connection with the [**REDACTED**]. See "[**REDACTED**]" Save in connection with the [**REDACTED**], no [**REDACTED**], discounts, [**REDACTED**] or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications of Experts" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this document.

Within the two years immediately preceding the date of this document, no [**REDACTED**] has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

Disclaimers

(a) None of the Directors, Supervisors nor any of the experts referred to in "Qualifications of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the [**REDACTED**], none of the Directors, Supervisors nor any of the experts referred to "Qualifications of Experts" below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is interested legally or beneficially in any shares in any member of the Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(c) None of the Directors or their respective close associates or the Shareholders who to the knowledge of the Directors are interested in more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as the Directors are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of the Group.

Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

China International Capital Corporation Hong Kong Securities Limited, one of the Joint Sponsors, is an indirect wholly-owned subsidiary of China International Capital Corporation Limited. The relationship between China International Capital Corporation Limited and certain of the existing Shareholders is set out as follows:

(i) As disclosed in the section headed "History, Development and Corporate Structure" in this document, CICC Capital Management Co., Ltd., a wholly-owned subsidiary of China International Capital Corporation Limited, is the general partner of CICC Biomedical Fund, which is an existing Shareholder with approximately 1.87% interest in the Company as at the Latest Practicable Date. In addition to being the general partner of CICC Biomedical Fund, CICC Capital Management Co., Ltd. also held 50% interests in Henan CICC Huirong which in turn, through its controlled entities, indirectly owned approximately 39.84% limited partnership interests in CICC Biomedical Fund. For further details, please refer to the section headed "Substantial Shareholders" in this document.

(ii) CICC Capital Management Co., Ltd. is also the general partner of 中金啟融(廈門)股權投資基金合夥企業(有限合夥) ("**CICC Qirong**"). As at the Latest Practicable Date, CICC Qirong held (i) approximately 7.08% limited partnership interests in CICC Biomedical Fund; and (ii) held approximately 13.19% limited partnership interests in Zhongshen Xinchuang which is an existing Shareholder with approximately 2.87% interest in the Company as at the Latest Practicable Date. CICC Qirong would not, for the purposes of the SFO, be deemed as having an interest in the Shares in the Company held by Zhongshen Xinchuang.

Even considering the interest of CICC Qirong in Zhongshen Xinchuang as a see-through proportional interest which equals to approximately 0.38% (being 13.19% of the 2.87% interest in the Company held by Zhongshen Xinchuang as at the Latest Practicable Date), together with the interest of 1.87% in the Company held by CICC Biomedical Fund, China International Capital Corporation Limited indirectly held a total of approximately 2.25% interest in the Company as at the Latest Practicable Date. As such, China International Capital Corporation Hong Kong Securities Limited confirms that it satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules, including but not limited to Rule 3A.07(1) (i.e. the sponsor group and any director or close associate of a director of the sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares of the new applicant).

The Joint Sponsors will receive an aggregate fee of US$1,000,000 to act as the sponsors to the Company in connection with the [**REDACTED**].

Preliminary Expense

The Company did not incur any material preliminary expense.

Promoters

The promoters of the Company are all then 32 shareholders of the Company as of December 6, 2022 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] or the related transactions described in this document.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
(in no particular order)	
Ernst & Young	Certified public accountants and registered public interest entity auditor
Commerce & Finance Law Offices	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent Industry Consultant

Consents of Experts

Each of the experts referred to in "Qualification of Experts" above [has given and has not withdrawn] its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange."

Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) save as disclosed in "History, Development and Corporate Structure," and "— Changes in the Share Capital of Our Subsidiaries" above, within the two years immediately preceding the date of this document, no share or loan capital or debenture of the Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise;

(b) no share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) the Company or any of its subsidiary has not issued nor agreed to issue any founder or management or deferred shares;

(d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(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 12 months preceding the date of this document;

(h) no part of the equity or debt securities of the Company, if any, is currently [**REDACTED**] on or [**REDACTED**] on any stock exchange or trading system, and no such [**REDACTED**] or permission to deal in on any stock exchange other than the Stock Exchange is being or is proposed to be sought;

(i) the Company has no outstanding convertible debt securities or debentures;

(j) the Company is a joint stock limited company and is subject to the PRC Company Law; and

(k) the English text of this document shall prevail over its respective Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

1. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents of Experts"; and

2. a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contract."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.innogenpharm.com** during a period of 14 days from the date of this document:

1. the Articles of Association;

2. the Accountants' Report prepared by Ernst & Young, the text of which is set out in "Appendix I;"

3. the audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2024;

4. the report prepared by Ernst & Young on the unaudited [**REDACTED**] financial information of the Group, the text of which is set out in "Appendix II;"

5. the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about Our Business — Summary of Material Contract;"

6. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents of Experts;"

7. the service contracts referred to in "Appendix VI — Statutory and General Information — Further Information about the Directors, Supervisors and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts;"

8. the PRC legal opinion issued by Commerce & Finance Law Offices, the PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of the Group under PRC law;

9. the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed "Industry Overview;" and

10. the PRC Company Law, the PRC Securities Law, the Trial Measures and Guidelines for Articles of Association of Listed Companies issued by the CSRC, together with their unofficial English translations.