

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

Disclaimer: This Application Proof was filed as confidential filing on May 11, 2026.

Application Proof of

HJ Science Co., Ltd.

華健未來(成都)科技股份有限公司

(the “**Company**”)

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

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Securities and Futures Commission (the “**Commission**”) solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its sole sponsor, overall coordinator, advisers or members of the underwriting syndicate that:

- (a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;
- (b) the publication of this document or supplemental, revised or replacement pages on the Stock Exchange’s website does not give rise to any obligation of the Company, its sole sponsor, overall coordinator, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;
- (c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;
- (d) the Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on the Stock Exchange;
- (e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, sole sponsor, overall coordinator, advisers or members of its underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;
- (h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;
- (i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;
- (j) as there may be legal restrictions on the publication of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and
- (k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be made available to the public during the offer period.

IMPORTANT

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

HJ Science Co., Ltd. 華健未來(成都)科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the
the [REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED], plus
brokerage of 1.0%, SFC transaction levy of
0.0027%, Stock Exchange trading fee of
0.00565% and AFRC transaction levy of
0.00015% (payable in full on application in
Hong Kong Dollars and subject to refund)
Nominal Value : RMB[1.00] per H Share
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



CITIC SECURITIES

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

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

The [REDACTED] is expected to be fixed by agreement by the [REDACTED] (for [itself] and on behalf of the other [REDACTED] and the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or before [REDACTED] (Hong Kong time). The [REDACTED] will be not more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED], unless otherwise announced. Applicants for the [REDACTED] are required to pay, on application, the maximum [REDACTED] of HK\$[REDACTED] for each [REDACTED] together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] as finally determined is less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed by [REDACTED] (Hong Kong time) by the [REDACTED] (for [itself] and on behalf of the other [REDACTED] and the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for [itself] and on behalf of the other [REDACTED] and the [REDACTED]) may, with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that stated in this document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, a notice of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.hj3h.com not later than the morning of the last day for lodging applications under the [REDACTED]. Further details are set forth in “Structure of the [REDACTED]” and “How to Apply for the [REDACTED]” in this document. If applications for the [REDACTED] have been submitted prior to the day which is the last day for lodging applications under the [REDACTED], then such applications can be subsequently withdrawn if the number of [REDACTED] and/or the indicative [REDACTED] range is so reduced.

The obligations of the [REDACTED] under the [REDACTED] to subscribe for, and to procure applicants for the subscription for, the [REDACTED], are subject to termination by the [REDACTED] (for [itself] and on behalf of the [REDACTED] and the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in the section headed “[REDACTED]” in this document. It is important that you refer to that section for further details.

Prior to making an [REDACTED] decision, prospective [REDACTED] should consider carefully all the information set forth in this document, including but not limited to the risk factors set forth in “Risk Factors” in this document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be [REDACTED], sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This document is issued by us solely in connection with the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an [REDACTED] or a solicitation of an [REDACTED] to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the [REDACTED] and [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by us, the Sole Sponsor, [REDACTED], any of the [REDACTED], any of our or their respective directors, officers or representatives, or any other person or party involved in the [REDACTED]. Information contained in our website, located at www.hj3h.com, does not form part of this document.

EXPECTED TIMETABLE	iv
CONTENTS	vii
SUMMARY	1
DEFINITIONS AND ACRONYMS	15
GLOSSARY OF TECHNICAL TERMS	23
FORWARD-LOOKING STATEMENTS	34
RISK FACTORS	35
WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE	61
INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	65
DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]	69
CORPORATE INFORMATION	73
INDUSTRY OVERVIEW	75
REGULATORY OVERVIEW	104
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE	124

CONTENTS

BUSINESS	144
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	224
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS	236
SUBSTANTIAL SHAREHOLDERS	239
SHARE CAPITAL	240
FINANCIAL INFORMATION	243
FUTURE PLANS AND USE OF [REDACTED]	264
[REDACTED]	267
STRUCTURE OF THE [REDACTED]	277
HOW TO APPLY FOR [REDACTED]	286
APPENDIX I	
ACCOUNTANTS’ REPORT	I-1
APPENDIX II	
UNAUDITED [REDACTED] FINANCIAL INFORMATION	II-1
APPENDIX III	
SUMMARY OF ARTICLES OF ASSOCIATION	III-1
APPENDIX IV	
STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V	
DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND DOCUMENTS ON DISPLAY	V-1

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 this document in its entirety before you decided to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors” of this document. You should read that section carefully before you decide to invest in the [REDACTED]. In particular, we are a biotechnology company seeking to [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. HJ787, HJ178 and HJ891 are designated as the Core Products. Each of our Core Products 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 Products, and the Core Products may not be successfully developed or marketed. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.

OVERVIEW

We are a clinical-stage biotech company founded by a team of industrial experts in 2017, dedicated to researching and developing therapies for autoimmune, metabolic and oncology diseases. We have three Core Products—HJ787, HJ178 and HJ891—all of which are self-developed, small-molecule NMPA Category 1 innovative drugs. HJ787 is a selective TYK2 inhibitor intended for the topical treatment of mild-to-moderate atopic dermatitis (AD), mild-to-moderate acne vulgaris (AV), neurodermatitis (ND) and psoriasis (Ps) and the oral treatment of AD, ND and Ps in the autoimmune sector. HJ178 is an orally available agent acting on GLP-1 and GIP, intended for type 2 diabetes and potentially overweight or obesity in the metabolic sector. HJ891 is an oral KRAS^{G12C} inhibitor intended for the treatment of non-small-cell lung cancer (NSCLC) with KRAS^{G12C} mutation that has progressed following first-line standard therapies as monotherapy and non-squamous NSCLC with KRAS^{G12C} mutation as first-line combination therapy, in the oncology sector. As of the Latest Practicable Date, we also had one clinical-stage drug candidate HJ197 and five preclinical drug candidates—HJ356, HJ093, HJ199, HJ198 and HJ086—all of which are also self-developed, small-molecule NMPA Category 1 innovative therapies.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCTS AND OTHER PIPELINE PRODUCTS SUCCESSFULLY

SUMMARY

The following chart sets forth a summary of key information about our drug candidates as of the Latest Practicable Date:

Disease Area	Program	Modality (Drug Category and Administration Law)	Target/Pathway	Indication (line of treatment and patient group)	Route of Administration	R&D	Predclinical	IND Approval	Phase I	Phase II	Revised Phase III/Phase III	Current Key Regulatory Authority	Current Status/Upcoming Milestone ⁽ⁱ⁾	Commercial Rights	Collaborators
Autoimmune	★ HJ78 ⁽ⁱⁱ⁾	Small molecule (Cat. 1 of Chemical Drugs)	TYK2	mild-to-moderate AD (adult)	Topical administration	Self-developed						NMPA	Initiated Phase II in September 2024, complete the trial in September 2026, initiate Phase III in 2H 2026, complete the trial in 1H 2028; submit IND to FDA in March 2027	Global	/
				mild-to-moderate (adult)	Topical administration	Self-developed						NMPA	Initiated Phase IIa in February 2025, complete the trial in May 2026, initiate Phase IIb in 2H 2026, complete the trial in 1H 2027; submit IND to FDA in 2H 2026	Global	
				ND (adult)	Topical administration	Self-developed						NMPA	Initiated Phase II in August 2024 and complete Phase II in 2H 2026; initiate Phase III in 1H 2027, complete the trial in 2H 2029	Global	
				Ps (adult)	Topical administration	Self-developed						NMPA	Obtained IND approval in April 2024	Global	
				AD (adult)	Oral administration	Self-developed						NMPA	Obtained IND approval in June 2024	Global	
Metabolism	★ HJ78	Small molecule (Cat. 1 of Chemical Drugs)	GLP-1/GIP ^(v)	ND (adult)	Oral administration	Self-developed						NMPA	Obtained IND approval in June 2024	Global	/
				Ps (adult)	Oral administration	Self-developed						NMPA	Obtained IND approval in June 2024	Global	
				AD (adult)	Oral administration	Self-developed						NMPA	Obtained IND approval in June 2024	Global	
				Type 2 diabetes (adult)	Oral administration	Self-developed						NMPA	Initiated Phase II in July 2025, complete the trial in 1H 2027, initiate Phase III in 1H 2027, complete the trial in 2H 2028; submit IND to FDA in December 2026	Global	
				Overweight or obesity (adult)	Oral administration	Self-developed						NMPA	Submit IND to NMPA and FDA in October 2026	Global	
Oncology	HJ356	Small molecule (Cat. 1 of Chemical Drugs)	Lp(a)	Cardiovascular disease and atherosclerosis (adult)	Oral administration	Self-developed						NMPA	Initiated Phase IIb clinical trial in January 2024, complete Phase IIb in June 2026, initiate Phase III in 2H 2026, complete the trial in May 2026, submit NDA in 2H 2026	Global	/
	★ HJ891	Small molecule (Cat. 1 of Chemical Drugs)	KRAS ^(vi)	NSCLC with KRAS ^(vi) mutation that has progressed following first-line standard therapies (CL ^(v)) Non-squamous NSCLC with KRAS ^(vi) mutation (LL) (Combination clinical) ^(vi)	Oral administration	Self-developed	Mono					NMPA	Initiated Phase IIb clinical trial in January 2024, complete Phase IIb in June 2026, initiate Phase III in 2H 2026, complete the trial in May 2026, submit NDA in 2H 2026	Global	
	▲ HJ197	Small molecule (Cat. 1 of Chemical Drugs)	FGFR4	Advanced HCC (CL ^(v)) (adult)	Oral administration	Self-developed	Combo					NMPA	Initiated Phase II clinical trial in January 2024, complete Phase IIb in June 2026, initiate Phase III in 2H 2026, complete the trial in May 2026, submit IND to FDA in 2H 2026	Global	
	HJ093	Small molecule (Cat. 1 of Chemical Drugs)	RAS-MAPK	Solid tumors (adult)	Oral administration	Self-developed						NMPA	Submitted IND to the NMPA in 2H 2026	Global	
	HJ199	Small molecule (Cat. 1 of Chemical Drugs)	Pan-KAS	Solid tumors (adult)	Oral administration	Self-developed						NMPA	Submitted IND to the NMPA in 2H 2026	Global	
	HJ198	Small molecule (Cat. 1 of Chemical Drugs)	KRAS ^(vi)	Solid tumors (adult)	Oral administration	Self-developed						NMPA	Submitted IND to the NMPA in 1H 2027	Global	
	Core Product	Abies nations:		1H = first half; 2H = second half; AD = Atopic dermatitis; AV = Acute vulgus; Combo = combination therapy; FGFR-4 = Fibroblast growth factor receptor-4; GIP = Glucagon-like peptide-1; HCC = hepatocellular carcinoma; IND = investigational new drug application; KRAS ^(vi) = Kirsten rat sarcoma viral oncogene homolog G12C; Lp(a) = Lipoprotein(a); MAPK = mitogen-activated protein kinase; Mono = monotherapy; NSCLC = non-small cell lung cancer; ND = New indication; PAS = Pan-sarcoma; SADC = Small molecule drug conjugates; TYK2 = Tyrosine kinase 2											
	Key Product														
	Lead indication: the indication in the most advanced stage of clinical development														

SUMMARY

Notes:

- (1)

We received IND approvals for HJ787 as both oral and topical treatments for AD, ND and Ps, and as topical treatment for AV. We plan to prioritize the development of topical treatments for mild-to-moderate AD and AV.
- (2)

HJ178 acts through multiple mechanisms. The use of HJ178 simultaneously increases GLP-1 secretion and reduces GIP secretion, thereby producing notable glucose-lowering effects and providing weight-loss benefits.
- (3)

We commenced a single-arm pivotal Phase IIb clinical trial in June 2023 and expect to submit an NDA to the CDE in the second half of 2026. The CDE may require us to initiate a confirmatory phase III trial before granting conditional approval.
- (4)

We are developing HJ891 as a combination therapy with toripalimab (a PD-1 inhibitor) for non-squamous NSCLC with KRAS^{G12C} mutation. Toripalimab (TUOYI®) is PD-1 inhibitor developed by Junshi Biosciences, which was approved for marketing in China in 2018. The IND approval for HJ891 as combination therapy covers only toripalimab developed by Junshi Biosciences. Combining HJ891 with any other approved PD-1 inhibitor will require prior CDE approval. Junshi Biosciences does not have any rights in HJ891, whether as monotherapy or combination therapy, and will not acquire any ownership, co-development rights, commercialization rights, profit-sharing rights, or other economic interests in HJ891 through the supply of toripalimab. As of the Latest Practicable Date, we do not have any toripalimab supply arrangements in the United States.
- (5)

In November 2020, we, our wholly owned subsidiary Shanghai Zheyue entered into the HJ197 Agreement with Junshi Biosciences with respect to the joint development and commercialization of HJ197 in all Asian countries and regions (the “**Collaboration Area**”). In June 2025, we, Shanghai Zheyue, Junshi Biosciences and Junze Chuangyao entered into the HJ197 Novation Agreement (together with the HJ197 Agreement, “**HJ197 Agreements**”). Pursuant to the HJ197 Agreements, Junze Chuangyao has the option to pay 50% of the actual expenses incurred in Phase I, Phase II and Phase III clinical trials, thereby acquiring a 50% rights and interests in HJ197 in the Collaboration Area, subject to other provisions of the HJ197 Agreements. Other than the Collaboration Area, we hold all rights to HJ197 globally. Our Company is the sponsor for the existing and planned trials and shall be the MAH of HJ197. See “Business—Collaborations” in this document for details.
- (6)

Except for the lead indications, the remaining indications represent indication expansions.
- (7)

We currently have no detailed U.S. clinical development plan for HJ787, HJ178, or HJ891 beyond submitting IND applications to the FDA. For HJ787, we will first generate comprehensive safety and efficacy data for the topical formulation before allocation resources to an oral formulation. We have no immediate clinical development plans for HJ787 for the oral treatment of moderate-to-severe AD and ND or the oral or topical treatment of Ps, and this decision is not related to any safety or efficacy concerns.

SUMMARY

OUR CORE PRODUCTS

HJ787

HJ787—the only topical selective TYK2 inhibitor in clinical development in China as of the Latest Practicable Date. Our Core Product, HJ787, is a potent and selective tyrosine kinase 2 (TYK2) inhibitor. We received IND approvals for HJ787 as both oral and topical treatments for AD, neurodermatitis (ND) and psoriasis (Ps) and as topical treatment for AV. We are currently developing HJ787 as a topical treatment for mild-to-moderate AD and AV, which we have prioritized among our HJ787 development programs. HJ787 demonstrated efficacy for the treatment of AD was comparable to or higher than established PDE4 inhibitors such as crisaborole and roflumilast, as well as pan-JAK inhibitors like ruxolitinib, based on non-head-to-head cross-trial comparisons. Importantly, HJ787 does not exhibit the common adverse reactions generally associated with PDE4 inhibitors and pan-JAK inhibitors which were observed in their respective clinical trials.

- **Meaningful efficacy:** In our ongoing Phase II clinical trial for mild-to-moderate AD, HJ787 ointment showed meaningful efficacy by week 8. In three dosage groups, A1 (0.5%, once daily, or QD), A2 (3%, QD) and A3 (3%, twice daily, or BID), 25.0%, 30.0% and 62.5% of subjects achieved a 75% reduction from baseline in the Eczema Area and Severity Index (EASI-75), respectively.
- **Good safety:** In our Phase I trial, the PK study showed that HJ787 was minimally absorbed into the bloodstream after single or multiple topical applications, suggesting its safety as a topical treatment. In our Phase II clinical trial for mild-to-moderate AD, all TRAEs observed were mild, with no SAEs or AEs leading to subject withdrawal.

For AD, we initiated a Phase II clinical trial evaluating the efficacy and safety of HJ787 in patients with mild-to-moderate AD in September 2024, and expect to complete the trial in September 2026.

For AV, we initiated a Phase IIa clinical trial to evaluate the efficacy and safety of HJ787 in patients with mild-to-moderate AV in February 2025, and the trial was completed in May 2026. We plan to initiate a Phase IIb clinical trial in the second half of 2026.

We also initiated the Phase II clinical trial evaluating the efficacy and safety of HJ787 in patients with ND in August 2024 and expect to complete the trial in the second half of 2026.

Market Opportunity and Competition

We are currently exploring the potential of HJ787 for the treatments of various diseases including AD, AV, and ND. See “Industry Overview—The TYK2 Drug Market” in this document for details.

HJ178

HJ178—a small molecule with a mechanism that differs from those of existing multi-target drugs. HJ178, one of our Core Products, is an orally available small molecule intended for type 2 diabetes and potentially overweight or obesity. Use of HJ178 simultaneously increases GLP-1 secretion and reduces GIP secretion, thereby producing pronounced glucose-lowering effects and providing weight-loss benefits. Compared to existing injectable GLP-1 related therapies, which often lead to side effects such as nausea, vomiting, and depression, our HJ178 can be used long-term to achieve safe blood sugar reduction, time in range (TIR) improvement and weight loss without vomiting, or mental-related adverse reactions, making it a potential major treatment in the diabetes field.

- **Meaningful efficacy.** HJ178 has demonstrated significant postprandial blood sugar-lowering effects that is higher than several currently available therapies. In addition to blood sugar control, HJ178 also contributed to weight loss.

SUMMARY

- **Good safety and tolerability.** In our Phase Ib/IIa clinical trial, HJ178 demonstrated a favorable safety profile compared to commonly used anti-diabetic medications, such as semaglutide. There were no TRAEs that led to dose discontinuation and no AEs that led to dose reduction.

We received the IND approval of HJ178 for oral treatment of type 2 diabetes from the NMPA in May 2023. Subsequently, we initiated a Phase I clinical trial in October 2023 to evaluate the safety, tolerability, and pharmacokinetics (PK) of a single dose of HJ178 capsule in healthy subjects and completed this trial in November 2023. Following the Phase I clinical trial, we initiated a Phase Ib/IIa clinical trial in January 2024 to assess the safety, tolerability, PK, and preliminary efficacy of multiple doses in both healthy subjects and patients with type 2 diabetes. The Phase Ib portion commenced in January 2024 and was completed in March 2024. The Phase IIa portion commenced in March 2024, and was completed in May 2024. Additionally, we initiated a Phase II clinical trial in July 2025 to further evaluate the efficacy and safety of HJ178 in people with type 2 diabetes mellitus inadequately controlled with diet and exercise alone. We expect to complete Phase II clinical trial in the first half of 2027.

Market Opportunity and Competition

We are currently exploring the potential of HJ178 for the treatments of various diseases including type 2 diabetes and obesity. See “Industry Overview—GLP-1 related therapies Market” in this document for details.

HJ891

HJ891—one of the few KRAS^{G12C} inhibitors being developed for first-line treatment in combination with immunotherapy. Our Core Product, HJ891, is a PK-profile improved KRAS^{G12C} inhibitor designed for the treatment of NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies. HJ891 showed significant changes in PK while demonstrating outstanding efficacy and safety.

- **Favorable lung-targeted PK enabling improved safety and efficacy.** HJ891 has a unique molecular design that allows it to accumulate in the lungs, leading to improved safety and efficacy. This lung-targeted PK reduces exposure to the liver and kidneys, which minimizes liver toxicity and allows for lower dosing.
- **Meaningful efficacy.** In our Phase I/IIa clinical trial, HJ891 achieved a confirmed ORR of 47.2% in patients who underwent at least one efficacy assessment in the 640 mg (recommended dose for pivotal trial) QD group, demonstrating its efficacy in treating KRAS^{G12C}-mutant NSCLC patients, while sotorasib showed an ORR of 36%. In our Phase Ib/III clinical trial, where HJ891 was combined with toripalimab, it also showed meaningful efficacy. In the HJ891 640 mg QD combined with toripalimab 240 mg every three weeks (Q3W) treatment cohort, the ORR was 77.8%, rising to an impressive ORR of 92.3% in those with a PD-L1 tumor proportion score (TPS) of 50% or higher.
- **Good safety.** HJ891 has demonstrated a good safety profile in clinical trials. In the Phase I/IIa clinical trial of HJ891 as monotherapy, the incidence of grade 3 or higher TRAEs was 13.5%, significantly lower than those reported for approved products: sotorasib (33%), adagrasib (44.8%), fulzerasib (41.4%), garsorasib (50%), and glecirasib (38.7%), and sosimerasib (40.0%). In the Phase Ib/III clinical trial, the combination of HJ891 and toripalimab showed an acceptable safety profile, with grade 3 or higher TRAEs occurring in 43.2% of patients.

SUMMARY

We received the IND approval of HJ891 from the NMPA to initiate clinical trial for the treatment of solid tumors on April 21, 2021. We initiated a Phase I/IIa clinical trial in October 2021 to evaluate the safety, tolerability, PK and anti-tumor efficacy of HJ891 in patients with advanced solid tumors. The Phase I portion commenced in October 2021, and was completed in July 2022, followed by the Phase IIa portion in May 2022, and the Phase IIa portion was completed in January 2023. Based on the results of the Phase I/IIa trial, we initiated clinical trials separately for developing HJ891 as a monotherapy and combination therapy:

- **Monotherapy:** We initiated a single-arm pivotal Phase IIb clinical trial in June 2023 to evaluate the safety and efficacy of HJ891 as monotherapy in treating NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies. We expect to complete the trial in May 2026.
- **Combination therapy:** We received an IND approval from the NMPA to initiate clinical trial of HJ891 in combination with toripalimab (a PD-1 inhibitor) for the treatment of non-squamous NSCLC with KRAS^{G12C} mutation as combination therapy as a first-line treatment on July 23, 2023. We initiated a Phase Ib/III clinical trial in January 2024. This trial is currently ongoing.

Market Opportunity and Competition

NSCLC is any type of epithelial lung cancer other than SCLC, accounting for 85% of lung cancer. In China, the incidence of KRAS-mutant NSCLC was approximately 100.2 thousand, representing approximately 10.3% of total NSCLC incidence, globally, the incidence of KRAS-mutant NSCLC was approximately 468.2 thousand, representing approximately 21.2% of total NSCLC incidence worldwide. Among them, KRAS^{G12C} is the most common, accounting for approximately 40% of KRAS-mutated NSCLC cases.

OUR KEY DRUG CANDIDATE

HJ197

HJ197—one of the most advanced FGFR4 inhibitors in China in terms of clinical development stage as of the Latest Practicable Date. Our key drug candidates, HJ197, is a potent, and selective inhibitor of fibroblast growth factor receptor 4 (FGFR4). We are developing HJ197 as a monotherapy for the treatment of HCC. Currently, there are no FGFR4 inhibitors approved globally.

- ***Favorable tissue distribution profile.*** In a study assessing tissue concentrations following oral administration in rats, the results demonstrate that HJ197 tends to concentrate in the liver, a key target organ in HCC, which may contribute to its improved efficacy and safety in clinical settings.
- ***Improved efficacy.*** In our Phase I/IIa clinical trial, HJ197 demonstrated significantly improved efficacy compared to fisogatinib.
- ***Favorable safety profile.*** In a 7-day subacute toxicity study, HJ197 showed no apparent toxicity at doses up to 500 mg. In contrast, fisogatinib induced AEs events such as diarrhea and body weight loss at 100 mg. HJ197 demonstrated an onset dose of 5 mg/kg, compared with 15 mg/kg for fisogatinib. These data suggest HJ197 has a broader therapeutic index, supporting its potential for safer and more effective dosing in clinical use.

We received the IND approval from the NMPA in November 2018 for the treatment of HCC. We initiated a Phase I/IIa clinical study to evaluate the safety, tolerability, PK and antitumor activity of HJ197 capsule in patients with advanced HCC in June 2019. The Phase I portion commenced in June 2019 and was completed in October 2021. The Phase IIa portion commenced in July 2020 and was completed in October 2023. We received an approval from the NMPA for commencing a Phase III clinical trial to evaluate the safety and tolerability of HJ197 in patients with advanced HCC in August 2023 and plan to initiate this trial in July 2026.

SUMMARY

Market Opportunity and Competition

Liver cancer is the fourth leading cause of cancer-related deaths globally, with HCC making up 90% of all liver cancer cases, according to CIC. Key risk factors for HCC include hepatitis B and C infections, alcohol consumption and obesity. Despite the slight decreases in incidence of HCC in China mainly as a result of widespread hepatitis B virus (HBV) vaccination programs, the market size of targeted-drugs in China increased from RMB5.1 billion in 2020 to RMB14.6 billion in 2024 at a CAGR of 30.0%, and is expected to further increase to RMB19.8 billion in 2028 at a CAGR of 7.9% from 2024 to 2028. It is expected that the first FGFR4-selective inhibitor may be approved in 2028, driving the growth of the market size of FGFR4-selective inhibitors for treating HCC in China to RMB3.1 billion in 2032 at CAGR of 54.5% from 2028 to 2032, according to CIC. As of the Latest Practicable Date, there were three FGFR4-selective inhibitors for the treatment of HCC, registered with the CDE in Phase II or later development. See “Industry Overview—HCC—Competitive Landscape of FGFR4-selective Inhibitors in China” for details.

COMPETITION

The development and commercialization of innovative drugs are highly competitive and subject to rapid and significant changes. We believe that our differentiated portfolio, deep knowledge of key therapeutic pathways provide us with strong competitive advantages. We face potential competition from many different sources working to develop therapies targeting the same indications for which we develop our drug candidates. These include major pharmaceutical companies as well as specialty pharmaceutical companies of various sizes. Our Core Products and key drug candidate face competition from approved and clinical-stage drug candidates that focus on similar indications and target patient population with us, and these competing products may have significant competitive strengths and advantages when compared to our drug candidates. For competitive landscape of our drug candidates, see “Business—Our Drug Candidates” and “Industry Overview” in this document for details.

OUR STRENGTHS

We believe our strengths are: (i) discover and develop drug candidates through targeted innovation, leveraging a deep scientific insight; (ii) focus on broad and rapidly growing fields in autoimmune, metabolic and oncology diseases; (iii) integrated R&D capabilities driven by clinical demand; (iv) advanced drug development technology platforms; (v) established deep collaborations to validate our innovative potential and commercial value; and (vi) led by a scientist-founder, our team combines practical experience with innovation capabilities, with support from renowned investors. See “Business—Our Strengths” in this document for details.

OUR STRATEGIES

We plan to pursue the following strategies: (i) accelerate clinical development for rapid product commercialization; (ii) continuously strengthen R&D capabilities and accelerate preclinical product development; (iii) establish manufacturing and commercialization capabilities to prepare for product launches; and (iv) explore external collaboration opportunities to maximize the commercial value of our drug candidates. See “Business—Our Strategies” in this document for details.

RESEARCH AND DEVELOPMENT

We have established a comprehensive R&D system that supports every stage of the drug development lifecycle. As of the Latest Practicable Date, there were 92 members in our R&D team, around 29.3% of whom held master’s or doctoral degrees in relevant fields. In line with industry practice, we engage reputable CROs to support our preclinical and clinical studies from time to time. We had engaged an aggregate of 41 and 51 CROs as of December 31, 2024 and 2025, respectively, all of which were Independent Third Parties to the best of our knowledge. Our research and development expenses in 2024 and 2025 amounted to RMB75.0 million and RMB110.2 million, respectively.

SUMMARY

OUR TECHNOLOGY PLATFORMS

We have built a development platform for small molecule drugs, covering the entire process from drug design, efficient synthesis, screening and evaluation, pharmacological studies, and comprehensive CMC research to clinical strategy and operations as well as translational medicine. Through an integrated approach combining in silico and experimental drug design and screening, targeted and rapid drug-likeness evaluation, and efficient CMC development and clinical research, we have advanced multiple drug candidates with significant differentiation.

Our approach to differentiated small molecule development is guided by core principles such as precise biological mechanisms and tissue-specific distribution. In particular, by adopting a tissue distribution-oriented design strategy, which leverages the relationship between molecular features and tissue distribution to identify and develop molecules with favorable tissue distribution characteristics, we are able to enhance drug enrichment at disease sites while potentially reducing exposure in non-target tissues, thereby improving efficacy and lowering potential toxicity. Supported by our deep understanding of structure-activity relationships and mechanisms of action, together with our design capabilities, we are well-positioned to develop differentiated therapies and to lay a foundation for the development of therapies with greater clinical value and commercial potential.

We have developed the Tissue-Specific Distribution-Intelligent Analytics System (TSD-IAS), a supplementary analytical tool designed to predict the in vivo tissue distribution of drug candidates. TSD-IAS extracts hundreds of structural and physicochemical features from each molecule, integrates them with tissue-distribution datasets, and applies modeling to learn how new molecules will distribute across key organs, thereby improving the efficiency of our differentiated drug discovery.

In addition, to advance the development of advanced XDCs, we have established a payload platform based on our proprietary molecular glue technology. This payload exerts antitumor effects by targeting the MAPK pathway, demonstrating therapeutic efficacy while mitigating drug resistance. The MAPK pathway is closely associated with tumor initiation, progression, invasion, and metastasis, with pathological activation primarily driven by RAS or BRAF mutations, which account for more than 40% of human cancers. These platforms strengthen our differentiated drug design capabilities and improve therapeutic targeting.

OUR INTELLECTUAL PROPERTY

Our continued success depends on our ability to obtain and maintain proprietary or intellectual property protection for our drug candidates, our core technologies and other know-how. As of the Latest Practicable Date, we held 29 issued patents including 12 patents in China and 17 patent overseas. As of the same date, we had 29 patent applications including 3 patent applications in China, 20 patent applications overseas and 6 PCT applications. In particular, with respect to our Core Products, we had 2 issued patents and 2 pending patent applications for HJ891, 3 issued patents and 9 pending patent applications for HJ787 and 5 issued patents and 1 pending patent applications for HJ178.

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our revenue was all derived from our out-license and collaboration agreements with Junshi Biosciences and/or Junze Chuangyao.

Our major suppliers primarily consisted of suppliers of raw materials and consumables for our drug development, third-party contractors including contract research organizations (CROs), contract development and manufacturing organizations (CDMOs) and site management organizations (SMOs) as well research centers where we conduct clinical trials. Purchases from our largest supplier in 2024 and 2025 accounted for 10.3% and 17.2%, respectively, of our total purchase of those periods. Purchases from our five largest suppliers in 2024 and 2025 accounted for 38.8% and 37.0%, respectively, of our total purchase for each of the same periods.

SUMMARY

COLLABORATIONS

HJ197

In November 2020, our Company and our wholly owned subsidiary Shanghai Zheyue entered into a technology license and collaboration agreement (the “**HJ197 Agreement**”) with Shanghai Junshi Biosciences Co., Ltd. (“**Junshi Biosciences**”) with respect to the joint development and commercialization of HJ197 in all Asian countries and regions (the “**Collaboration Area**”). On June 18, 2025, our Company, Shanghai Zheyue, Junshi Biosciences and Shanghai Junze Chuangyao Biotechnology Company Limited, an associate of Junshi Biosciences (“**Junze Chuangyao**”) entered into a four-party agreement (the “**HJ197 Novation Agreement**” and together with the HJ197 Agreement, the “**HJ197 Agreements**”) to novate the rights and obligations under the HJ197 Agreement. Pursuant to the HJ197 Novation Agreement, the parties agree that all rights and obligations of Junshi Biosciences are transferred to Junze Chuangyao on the date of the HJ197 Novation Agreement. As of the Latest Practicable Date, we had received the upfront payment of RMB30.0 million and the first and second milestone payments of RMB20.0 million under the HJ197 Agreements.

HJ191

In November 2020, our Company and our wholly owned subsidiary Shanghai Zheyue entered into a technology license and collaboration agreement (the “**HJ191 Agreement**”) with Junshi Biosciences with respect to the collaboration regarding HJ191 in the Collaboration Area. We exclusively license the rights to and interests in HJ191 in the Collaboration Area to Junshi Biosciences, including but not limited to the rights for research and development, manufacturing, clinical studies and commercialization of HJ191 in the Collaboration Area. Shanghai Zheyue shall hold no rights and interests in HJ191 in the Collaboration Area. Junshi Biosciences shall also have priority right to negotiate with respect to the for research and development, manufacturing (including contract manufacturing), clinical studies and commercialization of HJ191 outside the Collaboration Area. As of the Latest Practicable Date, we had received the upfront payment of RMB15.0 million. See “Business—Collaborations” in this document for details.

RECENT DEVELOPMENTS

As we strive to advance our drug pipeline and enhance our research and development capabilities, we expect to continue recognizing a significant increase in net losses in 2026, primarily due to (i) the increase in R&D expenses driven by (a) the increase in the testing and technical service costs and material expenses as we continues to advance clinical development of drug candidates, and (b) the increase in staff costs due to an increase in R&D headcounts, as well as share-based payment expenses; and (ii) the increase in administrative expenses due to an increase in the number of administrative personnel and an overall increase in salaries and bonuses as well as share-based payment expenses, to support our platform development and preparation for future commercialization. Since the end of the Track Record Period, we have continuously developed our business and continued to advance our pipeline. See “Business—Our Drug Candidates” in this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the date on which the latest consolidated financial information of our Company was prepared) and there has been no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report in Appendix I to this document.

SUMMARY

IMPACT OF COVID-19

During the Track Record Period and up to the Latest Practicable Date, we did not experience material disruptions to our operations as a result of COVID-19. A large majority of our clinical trials were initiated in late 2023 or 2024, after the COVID-19 restrictions had long been lifted. As COVID-19’s global impact continued to lessen as of the Latest Practicable Date, we do not expect COVID-19 to have a material adverse impact on our business going forward.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. These risks are set out in “Risk Factors” in this document. Some of the major risks we face include: (i) our business and financial prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed; (ii) we face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates. If we fail to effectively compete with our competitors, our competitive position in our target markets may be undermined, our drug candidates, if and when approved, may fail to be commercially successful and our business, financial condition, results of operations and prospects could suffer; (iii) prioritization of certain programs may delay others and adversely affect our competitive position; (iv) we may not be able to identify, discover or develop new drug candidates, or to identify or develop new indications for our drug candidates, to expand or maintain our product pipeline; and (v) we have incurred net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future and may never achieve or maintain profitability.

See “Risk Factors” in this document for details.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical financial information set forth below is derived from, and should be read in conjunction with, our consolidated financial information, together with the accompanying notes, set forth in “Appendix I—Accountants’ Report” to this document, as well as the information set forth in “Financial Information” of this document. Our consolidated financial information has been prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31,	
	2024	2025
	(RMB’000)	
Revenue	1,800	12,982
Other income	2,856	175
Other gains and losses, net	(119,074)	6,545
Administrative expenses	(12,635)	(28,291)
Research and development expenses	(74,973)	(110,178)
Share of result of an associate	(239)	(158)
[REDACTED] expense	[REDACTED]	[REDACTED]
Finance costs	(52)	(129)
Loss before tax	(202,317)	(135,080)
Income tax expense	—	(4)
Loss and total comprehensive expense for the year/period	(202,317)	(135,084)

SUMMARY

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Loss and total comprehensive expense for the year/period attributable to:		
Owners of the Company	(202,317)	(135,084)

During the Track Record Period, our revenue was derived from our license and collaboration agreements with Junshi Biosciences and/or Junze Chuangyao. See “Business—Collaborations” for details. We received an upfront payment of RMB30.0 million from Junshi Biosciences in January 2021, and received the first and second milestone payments of RMB20.0 million from Junze Chuangyao in July 2025. These payments were recognized as revenue over time based on the actual costs incurred as a percentage of total estimated costs for us to fully perform our obligations, with the unrecognized portion presented as contracted liabilities. As a result, we recognized revenue of RMB1.8 million and RMB13.0 million, respectively, in 2024 and 2025. See “Financial Information—Description of Selected Components of the Consolidated Statements of Profit or Loss and Other Comprehensive Income” in this document for details.

Our loss and total comprehensive expenses for the period decreased from RMB202.3 million in 2024 to RMB135.1 million in 2025 primarily because we recorded other net losses of RMB119.1 million in 2024, reflecting loss from changes in fair value of financial instruments with preferred rights of RMB124.7 million, representing fair value losses of the preferred shares issued to the investors, as offset by net gains of RMB5.7 million attributed to favorable changes in fair value of financial assets at FVTPL, while we recorded other net gains of RMB6.5 million in 2025, attributed to favorable changes in fair value of financial assets at FVTPL because we transferred a portion of our time deposits upon maturity to financial products with better liquidity, such as structured bank deposits and wealth management products. We did not record any loss related to changes in fair value of financial instruments with preferred rights in 2025, as the special rights agreement was terminated on August 29, 2024 and the corresponding adjustments to the value of financial instruments with preferred rights were completed.

Summary of Consolidated Statements of Financial Position

	As of December 31,		As of
	2024	2025	March 31,
	(RMB'000)		2026
			(unaudited)
Total non-current assets	29,714	29,067	60,070
Total current assets	400,459	403,542	358,766
Total current liabilities	53,938	96,047	100,223
Net current assets	346,521	307,495	258,543
Total assets less current liabilities	376,235	336,562	318,613
Total non-current liabilities	—	362	1,395
Net assets	376,235	336,200	317,218
Equity attributable to owners of the Company . .	376,235	336,200	317,218
Total equity	376,235	336,200	317,218

Our net current assets decreased from RMB346.5 million as of December 31, 2024 to RMB307.5 million as of December 31, 2025, primarily attributable to an increase in current liabilities of RMB42.1 million, mainly driven by (i) a RMB26.5 million increase in trade and other payables, which primarily reflected a rise in trade payables in line with the advancement of our preclinical studies and clinical trials of drug candidates, the recognition of accrued [REDACTED] expenses of RMB[REDACTED] million, and (ii) an increase in borrowings of RMB10.0 million.

SUMMARY

Our net current assets decreased by RMB49.0 million from RMB307.5 million as of December 31, 2025 to RMB258.5 million as of March 31, 2026, primarily attributable to (i) a decrease of RMB51.9 million in financial assets at fair value through profit or loss, primarily because we redeemed a portion of our wealth management products, and utilized the proceeds to purchase three-year large-denomination certificate of deposits, which were classified as non-current assets, and (ii) an increase of RMB10.0 million in borrowings. These effects were partially offset by (i) an increase in cash and cash equivalents of RMB7.3 million driven by the redemption of our wealth management products, and (ii) a decrease of RMB2.8 million in trade and other payables during the ordinary course of our business.

We had net assets of RMB376.2 million and RMB336.2 million as of December 31, 2024 and 2025, respectively. These balances reflect the loss and total comprehensive expense for the year, capital injection to the Company and equity-settled share-based transactions. Our net assets decreased from RMB376.2 million as of December 31, 2024 to RMB336.2 million as of December 31, 2025 due to the recognition of loss and total comprehensive expense of RMB135.1 million in 2025, partially offset by a capital injection to the Company of RMB70.0 million and equity-settled share-based transactions of RMB25.0 million. See “Financial Information—Description of Selected Items from the Consolidated Statements of Financial Position” in this document for details.

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Net cash used in operating activities	(78,042)	(89,434)
Net cash generated from/(used in) investing activities	(46,984)	(38,067)
Net cash generated from/(used in) financing activities	(105)	77,411
Net increase/(decrease) in cash and cash equivalents	(125,131)	(50,090)
Cash and cash equivalents at beginning of the period	178,941	53,810
Cash and cash equivalents at the end of the period	53,810	3,720

Our primary uses of cash during the Track Record Period were to fund the R&D of our Core Products and other pipeline programs. During the Track Record Period, we conducted equity financing and also generated cash inflow from our out-license and collaboration agreement. We recorded net cash used in operating activities of RMB78.0 million and RMB89.4 million for the years ended December 31, 2024 and 2025, respectively. Substantially all of our operating cash outflows were resulted from research and development expenses and administrative expenses.

As of March 31, 2026, being the latest practicable date for determining our indebtedness, we had cash and cash equivalents and financial assets at FVTPL of RMB331.3 million. Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents financial assets at FVTPL and the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital to cover at least 125% of our costs, including R&D costs and administrative expenses, for at least the next 12 months from the expected date of this document. We had cash and cash equivalents of RMB11.0 million and financial assets at FVTPL of RMB320.3 million as of March 31, 2026. Assuming an average cash burn rate going forward of 2.3 times the level in 2025, we estimate that our cash and cash equivalents and financial assets at FVTPL as of March 31, 2026 will be able to maintain our financial viability for 18 months or, if we take into account [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), 24 months or, if we also take into account the estimated net [REDACTED] from the [REDACTED], 77 months. See “Financial Information—Liquidity And Capital Resources—Cash Flow” in this document for details.

KEY FINANCIAL RATIO

Our current ratio, which equals current assets divided by current liabilities, was 7.4 and 4.2 as of December 31, 2024 and 2025, respectively. See “Financial Information—Key Financial Ratio” for details.

SUMMARY

OUR CONTROLLING SHAREHOLDERS AND PRE-[REDACTED] INVESTMENTS

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Dr. Ji will be, directly and through Chengdu Wenshao and Suzhou Jishitang, of which Dr. Ji is the general partner, entitled to exercise [REDACTED]% voting rights in our Company. Therefore, Dr. Ji, Chengdu Wenshao and Suzhou Jishitang will be regarded as a group of Controlling Shareholders upon [REDACTED].

Our Company obtained several rounds of investments from the Pre-[REDACTED] Investors. The Group’s post-money valuation in the latest round of pre-[REDACTED] financing was RMB2.70 billion and a total amount of RMB619.30 million was raised from the pre-[REDACTED] investors, with meaningful investment of RMB112 million from SDIC Shanghai and Junlian Xinkang, our Sophisticated Investors. Upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the percentage of equity interest expected to be held by SDIC Shanghai and Junlian Xinkang will represent [REDACTED]% and [REDACTED]%, respectively. See “History, Development and Corporate Structure—Pre-[REDACTED] Investments” in this document for details.

[REDACTED] STATISTICS

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], after deducting the [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] is not exercised and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range set forth on the cover page of this document). We intend to use such net [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- (i) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to provide funding for ongoing and planned clinical research and development activities for our pipeline products;
- (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to enhance our research and development platform to strengthen our innovation pipeline in immunology, metabolism and oncology, and to explore and develop new preclinical drugs to enhance our current treatment options;
- (iii) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to gradually build our commercialization team, and expand this team as our drug candidates near commercialization, ensuring effective outreach and support for our product launches; and
- (iv) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for general business operations and working capital.

SUMMARY

See “Future Plans and Use of [REDACTED]” in this document for details.

DIVIDENDS

No dividend was paid or declared by our Company since its date of incorporation and up to the end of the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or fixed dividend payout ratio. In view of our accumulated losses, as advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common and other reserves are drawn in accordance with the relevant laws, regulations and our Articles and Association. See “Financial Information—Dividends” in this document for details.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] million (including [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H Share, which is the mid-point of the indicative [REDACTED] range stated in this document and assuming that the [REDACTED] is not exercised). The [REDACTED] expenses consist of (i) [REDACTED]-related expenses, including [REDACTED], of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million, comprising (a) fees and expenses of our legal advisors, reporting accountants and other professional parties of approximately HK\$[REDACTED] million, and (b) other fees and expenses of approximately HK\$[REDACTED] million. During the Track Record Period, we incurred [REDACTED] expenses of HK\$[REDACTED] million, of which HK\$[REDACTED] million was recognized as [REDACTED] expenses in the consolidated statements of profit or loss and of HK\$[REDACTED] million was directly attributable to the issuance of [REDACTED] which is expected to be charged against equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of approximately HK\$[REDACTED] million, of which approximately HK\$[REDACTED] million is expected to be recognized as [REDACTED] expenses in the consolidated statements of profit or loss and other comprehensive income and approximately HK\$[REDACTED] million is expected to be recognized as a deduction in equity directly upon the [REDACTED].

DEFINITIONS AND ACRONYMS

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

“Accountants’ Report”	the Accountants’ Report for the years ended December 31, 2024 and 2025 prepared by Deloitte, the text of which is set out in Appendix I to this document;
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person;
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong;
“Articles of Association” or “Articles”	the articles of association of our Company adopted on July 11, 2025 which shall become effective as of the date on which the H Shares are [REDACTED] on the Stock Exchange, as amended from time to time, a summary of which is set out in “Appendix III—Summary of Articles of Association” to this document;
“Board” or “Board of Directors”	the board of Directors;
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong;

[REDACTED]

“CDE”	Center for Drug Evaluation (國家藥品監督管理局藥品審評中心), a division of the NMPA responsible for acceptance and technical review of applications for drug clinical trials and drug marketing authorization;
“Chengdu Wenshao”	Chengdu Wenshao Enterprise Management Center (Limited Partnership) (成都聞韶企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on November 8, 2019 with Dr. Ji acting as the general partner and one of our Controlling Shareholders;
“Chengdu Yuanyuan”	Chengdu Yuanyuan Biotechnology Co., Ltd. (成都淵源生物科技股份有限公司), a company established in the PRC with limited liability on October 30, 2012 and a wholly-owned subsidiary of our Company;
“China” or “PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to “China” and the “PRC” do not apply to Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;

DEFINITIONS AND ACRONYMS

“CIC”	China Insights Consultancy Limited, an Independent Third Party, and a market research firm engaged by our Company to prepare an industry report, the details of which are set out in “Industry Overview”;
“CIC Report”	an independent market research report commissioned by us and prepared by CIC for the purpose of this document;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Company” or “our Company”	HJ Science Co., Ltd. (華健未來(成都)科技股份有限公司), a limited liability company established in the PRC on February 20, 2017 as HJ Science Co., Ltd. (成都華健未來科技有限公司) which was converted into a joint stock company with limited liability on March 18, 2025;
“Company Law” or “PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to Dr. Ji, Chengdu Wenshao and Suzhou Jishitang, and a Controlling Shareholder shall mean each or any of them;
“Core Product”	has the meaning ascribed thereto under Chapter 18A of the Listing Rules, which 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;
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus;
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會);
“Director(s)”	the director(s) of our Company;
“Dr. Ji”	Dr. Ji Jianxin (姬建新), our executive Director, chief executive officer, general manager, chairman of our Board, one of our promoters and one of our Controlling Shareholders;
“EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time;

DEFINITIONS AND ACRONYMS

“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;
“FDA”	the United States Food and Drug Administration
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all [REDACTED];
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time; [REDACTED]
“Group,” “our Group,” “our,” “we” or “us”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be);
“Guide” or “Guide for New Listing Applicants”	the Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time;
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Hong Kong Stock Exchange; [REDACTED]
“Hefei Hualu”	Hefei Hualu Zhiye Technology Co., Ltd. (合肥華廬智業科技有限公司), a company established in the PRC with limited liability on March 14, 2025 and an wholly-owned subsidiary of our Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited;

[REDACTED]

DEFINITIONS AND ACRONYMS

[REDACTED]

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC;

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited;

[REDACTED]

“Huajin Pharmaceutical” Huajin (Chongqing) Pharmaceutical Co., Ltd. (華津(重慶)藥業有限公司), a company established in the PRC with limited liability on December 12, 2023 and a wholly-owned subsidiary of our Company;

“IAS” International Accounting Standards;

“IFRS(s)” International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

“Independent Third Party(ies)” an individual or a company, who or which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules;

DEFINITIONS AND ACRONYMS

[REDACTED]

“Latest Practicable Date”

May 1, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication;

[REDACTED]

“Listing Rules”

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;

“Main Board”

the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange;

“MOF”

the Ministry of Finance of the PRC (中華人民共和國財政部);

“MOFCOM” or “Ministry of Commerce”

the Ministry of Commerce of the PRC (中華人民共和國商務部);

“NMPA”

the National Medical Products Administration of the PRC (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局);

[REDACTED]

DEFINITIONS AND ACRONYMS

[REDACTED]

“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》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023;
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them;
“PRC Legal Advisors”	JunHe LLP, our legal advisors to our Company as to PRC laws in connection with the [REDACTED];

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“Reporting Accountants”	Deloitte, the reporting accountants of our Company;
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);

DEFINITIONS AND ACRONYMS

“SAIC”	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), which was consolidated into the SAMR in March 2018, including, as the context may require, its local counterparts;
“SAMR”	the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局);
“SCNPC”	the Standing Committee of the NPC;
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shanghai Zheye”	Shanghai Zheye Biotechnology Co., Ltd. (上海喆鄰生物科技有限公司), a company established in the PRC with limited liability on December 21, 2016 and a wholly-owned subsidiary of our Company;
“Share(s)”	ordinary share(s) with nominal value RMB1.00 each in the share capital of the Company, comprising H Shares and Unlisted Shares;
“Shareholder(s)”	holder(s) of our Share(s);

[REDACTED]

“Sophisticated Investor(s)” has the meaning ascribed to it under Chapter 2.3 of the Guide;

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院);

“Supervisor(s)” the supervisor(s) of our Company;

“Supervisory Committee” the supervisory committee of our Company;

“Suzhou Jishitang” Suzhou Jishitang Enterprise Management Center (Limited Partnership) (蘇州積石堂企業管理中心(有限合夥)), a limited partnership established in the PRC on June 14, 2017 with Dr. Ji acting as the general partner, which is an employee incentive platform of our Group and one of our Controlling Shareholders;

DEFINITIONS AND ACRONYMS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time;
“Track Record Period”	the years ended December 31, 2024 and 2025;

[REDACTED]

“Unlisted Share(s)”	ordinary Share(s) issued by our Company with a nominal value of RMB1.00 each which is/are not listed on any stock exchange;
“U.S.” or “United States”	the United States of America, its territories, its possessions, any State of the United States, and the District of Columbia;
“U.S. dollar(s)” or “US\$”	United States dollar(s), the lawful currency of the United States;
“U.S. Securities Act”	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time;
“VAT”	the PRC value-added tax;
“we”, “us” or “our”	the Company or the Group, as the context requires;

[REDACTED]

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the [REDACTED] assume that the [REDACTED] Option is not exercised.

In this document, the terms “associate(s),” “Biotech Company,” “close associate(s),” “connected person(s),” “core connected person(s),” “subsidiary,” “substantial shareholder(s)” and “treasury share(s)” shall have the meanings ascribed to them under the Listing Rules, unless the context otherwise requires.

Unless the content otherwise requires, references to “2024” and “2025” in this document refer to our financial year ended December 31 of such year.

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 the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

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.

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.

“acne vulgaris” or “AV”	a chronic skin condition in which blockage or inflammation of the hair follicles and accompanying sebaceous glands
“ADC”	antibody-drug conjugate, a class of biopharmaceutical drugs that comprise an antibody conjugated to a payload molecule, typically a cytotoxic agent, via a chemical linker
“ADMET”	absorption, distribution, metabolism, excretion, toxicity, a set of test categories used together in drug discovery to provide insight into how a pharmaceutical drug interacts with the body as a whole
“AE”	adverse event, which may be mild, moderate, or severe, any untoward medical occurrence in a patient or subject receiving a drug or other pharmaceutical product in a clinical trial and which does not necessarily have a causal relationship with the treatment
“agonist”	a chemical that binds to and activates a receptor or other protein to produce a biological response
“AKT”	also known as protein kinase B (PKB), a serine/threonine protein kinase with 3 isoforms (AKT1, AKT2 and AKT3) that participate in multiple pathways regulating several cellular processes, including survival, proliferation, tissue invasion, and metabolism
“androgen receptor” or “AR”	a type of nuclear receptor that is activated by binding of either of the androgenic hormones testosterone or dihydrotestosterone in the cytoplasm and then translocating into the nucleus
“antibiotics”	a drug or medicine that kills or inhibits the growth of bacteria. Antibiotics are the chief antibacterial agents for fighting bacterial infections, and antibiotic medications are widely used in the treatment and prevention of those infections
“aryl hydrocarbon receptor” or “AhR”	a protein that in humans is encoded by the AHR gene
“atopic dermatitis” or “AD”	an immune-mediated inflammatory skin disease that causes dry, itchy and inflamed skin
“AUC”	area under the curve, a pharmacokinetic parameter that measures the body’s exposure to a drug, i.e., how much of the drug reaches a person’s bloodstream over a given period of time after a dose is administered
“AUC _{last} ”	area under the concentration-time curve from the first time point measured (0) to the time of the last measurable concentration
“autoimmune disease”	with respect to any disorder or disease, an abnormal immune response of the body against substances and tissues normally present in the body

GLOSSARY OF TECHNICAL TERMS

“β-cell”	a type of cell found in the pancreas that is responsible for producing and releasing insulin, a hormone that regulates blood sugar levels
“bioavailability”	the fraction of an administered dose of drug that reaches systemic circulation, which is one of the principal pharmacokinetic properties of drugs
“biologics”	drug products derived from a variety of living sources—human, animal, or microorganism—that may be produced by biotechnology methods and other cuttingedge technologies (in contrast to small-molecule drugs, which are chemically synthesized). Biologics can be composed of sugars, proteins or nucleic acids or complex combinations of these substances, or may be living entities, such as cells and tissues
“biomarker”	a naturally occurring molecule, gene, or characteristic by which a particular pathological or physiological process, disease, etc. can be identified
“BRAF”	a gene and the protein it encodes, involved in cell signaling and growth
“C57BL/6J”	the original and most widely used inbred laboratory mouse strain in biomedical research, particularly for immunology, neurobiology, and genetics studies
“CAGR”	compound annual growth rate
“CD3 ⁺ ”	a specific protein found on the surface of T lymphocytes, a type of white blood cell crucial for the immune system
“CDMO”	contract development and manufacturing organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of development and manufacturing services outsourced on a contract basis
“cell line”	a population of cells which descend from a single cell and contain the same genetic makeup, thereby producing the same proteins. The productivity of a cell line determines the cost of manufacturing, and the quality of a cell line is directly related to the quality of the relevant biologics
“chemotherapy” or “chemo”	a drug treatment that uses cytotoxic chemicals to kill fast-growing cells in a patient’s body. It is most often used as a cancer treatment because cancer cells grow and multiply much faster than most other cells in the body
“cGMP”	current good manufacturing practice
“clinical trial”	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs

GLOSSARY OF TECHNICAL TERMS

“C _{max} ”	maximum plasma concentration, a pharmacokinetic parameter that measures the highest concentration of a drug in the blood, cerebrospinal fluid, or target organ after a dose is given
“CMC”	chemistry, manufacturing and controls, also commonly referred to as process development, covering the various procedures used to assess the physical and chemical characteristics of drug products, and to ensure their quality and consistency during manufacturing
“cohort”	a group of patients as part of a clinical trial who share a common characteristic or experience within a defined period and who are monitored over time
“combination therapy”	a treatment that uses more than one medication or modality
“corticosteroids”	class of steroid hormones drug that lower inflammation in the body and reduce immune system activity
“CR”	complete response, the disappearance of all signs of cancer in response to treatment
“CRC”	colorectal cancer, a type of cancer arising from the colon or rectum
“CREB”	cAMP-response element binding protein
“CMO(s)”	contract manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
“CRO(s)”	contract research organization, a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
“cytokine”	a broad category of small proteins that are important in cell signaling, whose release has an effect on the behavior of cells expressing corresponding receptors
“cytotoxic”	toxic to living cells
“DCR”	disease control rate, the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses (CR), partial responses (PR) and stable disease (SD)
“diabetes”	a complex, chronic metabolic disease characterized by elevated levels of blood glucose, which over time leads to serious damage to the heart, blood vessels, eyes, kidneys, nerves and other organs, comprised of two categories including type 1 diabetes mellitus and type 2 diabetes mellitus
“DIO”	diet-induced obesity, is excessive fat accumulation caused by consistently consuming more calories than are expended, primarily through diets high in fat, sugar, and salt

GLOSSARY OF TECHNICAL TERMS

“DNFB-induced”	an experimental process using 2,4-dinitrofluorobenzene (DNFB) to create animal models, primarily in mice, that exhibit characteristics of atopic dermatitis (AD) or contact hypersensitivity (CHS)
“DOR”	duration of response, the length of time that a tumor continues to respond to treatment without the cancer growing or spreading
“DPP-4”	dipeptidyl peptidase-4, also known as adenosine deaminase complexing protein 2 or CD26 (cluster of differentiation 26), an enzyme expressed on the surface of most cell types and associated with immune regulation, signal transduction, and apoptosis
“DLT”	dose-limiting toxicity, toxicities of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
“EGFR”	epidermal growth factor receptor
“EGFRm” or “EGFR-mutant”	cells or tissues harboring mutations in the EGFR gene, which can affect receptor function and are often associated with certain types of cancer
“endpoint”	with respect to a clinical study or trial, the outcome that is measured
“ERK”	extracellular signal-regulated kinase
“fatty acid synthase” or “FASN”	a 270-kDa cytosolic dimeric enzyme that is responsible for palmitate synthesis
“FDA”	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
“FGF19”	fibroblast growth factor 19, a protein that in humans encoded by the FGF19 gene. It functions as a hormone, regulating bile acid synthesis, with effects on glucose and lipid metabolism
“FGFR1, 2, 3, and 4”	a family of four receptor tyrosine kinases that bind to fibroblast growth factors (FGFs) and trigger signaling pathways regulating vital cellular processes including growth, cell survival, multiplication, development, and wound healing
“first-line” or “1L”	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
“gastrointestinal”	relating to or affecting the stomach and intestines, which comprise the digestive system
“GCG”	glucagon, the main catabolic hormone of the body, produced by alpha cells of the pancreas; it raises the concentration of glucose and fatty acids in the bloodstream
“GCGR”	glucagon receptor

GLOSSARY OF TECHNICAL TERMS

“GCP”	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
“GIP”	glucose-dependent insulintropic polypeptide, also known as gastric inhibitory polypeptide; it is a hormone produced in the upper gut and secreted to the circulation in response to the ingestion of foods, especially fatty foods
“GIPR”	glucose-dependent insulintropic polypeptide receptor, or gastric inhibitory polypeptide receptor, found on beta-cells in the pancreas; its activation stimulates insulin secretion
“glucagon”	a hormone that raises blood sugar levels by signaling the liver to release stored glucose
“GMP”	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of products
“GLP-1”	glucagon-like peptide-1; a peptide hormone that decreases blood sugar levels in a glucose-dependent manner by enhancing the secretion of insulin
“GLP-1R”	glucagon-like peptide-1 receptor
“GLP-1 RA”	glucagon-like peptide-1 receptor agonist, unless otherwise specified, “GLP-1 RA” or “GLP-1RAs” as used in this document include both single-target GLP-1 RA and multi-target GLP-1-based RA
“glycemic control”	the management of blood sugar levels
“Grade”	term used to refer to the severity of adverse events according to Common Terminology Criteria for Adverse Events (CTCAE) v4.03, using Grade 1, Grade 2, Grade 3, etc.
“HbA1c”	glycated hemoglobin, formed when hemoglobin joins with glucose in the blood and becomes glycated
“HCC”	hepatocellular carcinoma, a type of cancer arising from hepatocytes
“Hepatitis B”	a liver infection caused by the hepatitis B virus (HBV)
“Hepatitis C”	a liver disease caused by the hepatitis C virus (HCV)
“HER2”	human epidermal growth factor receptor 2
“HF”	heart failure
“HRAS”	HRas proto-oncogene, a gene providing instructions for making a protein called H-Ras that is involved primarily in regulating cell division

GLOSSARY OF TECHNICAL TERMS

“IFN-I”	type I interferon, a cytokine involved in the innate immune response against viral infections and other pathogens
“IFN- γ ”	a dimerized soluble cytokine that is the only member of the type II class of interferons
“IL-17”	a cytokine, a type of signaling molecule, that plays a crucial role in the immune system, particularly in inflammation and host defense against pathogens
“IL-22”	a cytokine, a type of signaling protein, that plays a role in tissue protection, regeneration, and host defense
“immune checkpoint inhibitor(s)” or “ICI(s)”	a type of immunotherapy that blocks proteins called immune checkpoints, which prevent the immune system from attacking the cancer cells
“immunotherapy” or “IO”	a type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
“inhibitor”	a substance added or applied to another substance to slow down a reaction or to prevent an unwanted chemical change
“ <i>in vitro</i> ”	Latin for “in glass”, studies <i>in vitro</i> are conducted using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
“ <i>in vivo</i> ”	Latin for “within the living”, studies <i>in vivo</i> are those in which the effects of various biological or chemical substances are tested on whole, living organisms as opposed to a partial or dead organism, or those done <i>in vitro</i>
“JAK1”	Janus kinase 1, a protein-tyrosine kinase essential for mediating signals from a large number of cytokine receptors
“JAK2”	Janus kinase 2, a protein that plays a crucial role in cell signaling, particularly in blood cell production
“JAK3”	Janus Kinase 3, a protein that plays a critical role in the JAK-STAT pathway, a key signaling pathway that regulates immune cell development and function
“JH1 kinase”	the Janus kinase (JAK) family’s catalytic tyrosine kinase domain responsible for transferring phosphate groups during intracellular signaling
“KIV-2 domain”	a specific region of the apolipoprotein(a) (apo(a)) protein, which is part of the lipoprotein(a) (Lp(a)) particle in human blood
“KIV-7 domain”	a specific region of the apolipoprotein(a) (apo(a)) protein, which is part of the lipoprotein(a) (Lp(a)) particle in human blood

GLOSSARY OF TECHNICAL TERMS

“KRAS”	Kirsten rat sarcoma 2 viral oncogene homolog, a signal transducer protein, which plays an important role in various cellular signaling events such as in regulation of cell proliferation, differentiation and migration
“KRAS ^{G12C} ,”	a specific mutation in the KRAS gene, a gene that plays a role in cell growth and division. The “G12C” refers to a change from glycine (G) to cysteine (C) at a particular position (12) within the KRAS protein
“Low-density lipoprotein (LDL)”	one of the five major groups of lipoprotein that transport all fat molecules around the body in extracellular water
“MAPK”	mitogen-activated protein kinase, a type of protein kinase that is specific to the amino acids serine and threonine, and is involved in various cellular functions, including cell proliferation, differentiation and migration
“MAPK/ERK”	a crucial signaling cascade in cells that transmits signals from the cell surface to the nucleus, regulating fundamental cellular processes like growth, division, and survival
“metastatic”	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
“MEK”	mitogen-activated protein kinase kinase (also known as MAPKK), a kinase enzyme which phosphorylates MAPK
“MHC”	major histocompatibility complex, a large locus on vertebrate DNA containing a set of closely linked polymorphic genes that code for cell surface proteins essential for the adaptive immune system
“MIA PaCa-2”	an epithelial cell line that was established from tumor tissue of the pancreas
“monotherapy”	therapy that uses a single drug to treat a disease or condition
“MMAE”	monomethyl auristatin E
“MNC”	multinational companies
“MoA”	mechanism of action, the specific biochemical interaction through which a drug substance produces its pharmacological effect
“NCI-H358”	a well-known human cell line derived from a bronchioalveolar carcinoma, a subtype of non-small cell lung cancer
“ND”	neurodermatitis, also known as lichen simplex chronicus, is a skin condition characterized by a localized, itchy patch of skin that becomes thickened and leathery due to repeated scratching
“NDA”	new drug application
“NMPA”	National Medical Products Administration of China

GLOSSARY OF TECHNICAL TERMS

“NRAS”	neuroblastoma RAS viral oncogene homolog, which provides instructions for making a protein called N-Ras that is involved primarily in regulating cell division
“NRDL”	National Reimbursement Drug List
“NSCLC”	non-small cell lung cancer
“obesity”	abnormal or excessive fat accumulation in the body; defined as an individual having a body mass index over 28kg/m ² or more in China and 30 kg/m ² or more in the United States, respectively
“ORR”	objective response rate
“pan-JAK inhibitor”	a type of medication that blocks the activity of all four Janus kinase (JAK) enzymes: JAK1, JAK2, JAK3, and TYK2
“payload”	one of the three core components of an ADC. Payloads are conventionally highly active and cytotoxic molecules attached to an antibody via a chemical linker. Non-cytotoxic payloads have recently emerged as novel ADC strategies for oncology and non-oncology indications
“PCSK9”	proprotein convertase subtilisin/kexin type 9, a protein that plays a role in regulating cholesterol levels in the blood
“PDAC”	Pancreatic Ductal Adenocarcinoma, is the most common and aggressive type of pancreatic cancer
“PDE4”	an enzyme belonging to the phosphodiesterase family that specifically hydrolyzes cyclic adenosine monophosphate (cAMP) into its inactive form. By regulating intracellular levels of cAMP, PDE4 plays a key role in controlling inflammatory and immune responses, as well as various cellular signaling pathways. Inhibition of PDE4 has been shown to have antiinflammatory effects and is a therapeutic strategy for treating certain inflammatory diseases, including COPD, psoriasis, and AD
“PD-1”	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer, the T cell turns off its ability to kill the cell
“PD-L1”	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
“PBMCs”	peripheral blood mononuclear cells, a group of white blood cells that play a crucial role in the immune system

GLOSSARY OF TECHNICAL TERMS

“pharmacodynamics” or “PD”	the study of how a drug affects an organism, which, together with pharmacokinetic, influences dosing, benefit, and adverse effects of the drug
“pharmacokinetics” or “PK”	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
“pharmacology”	a branch of medicine and pharmaceutical sciences which is concerned with the study of drug or medication action, where a drug can be broadly or narrowly defined as any man-made, natural or endogenous molecule which exerts a biochemical or physiological effect on the cell, tissue, organ or organism
“Phase I clinical trial”	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
“Phase II clinical trial”	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
“Phase III clinical trial”	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
“PI3K/AKT”	a critical intracellular signaling cascade that regulates fundamental cellular processes such as cell growth, proliferation, metabolism, and survival
“pivotal trial” or “registrational trial”	the final controlled trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
“placebo”	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
“PR”	partial response or partial response rate
“preclinical study(ies)”	preclinical studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
“progression-free survival” or “PFS”	the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works

GLOSSARY OF TECHNICAL TERMS

“pruritus”	itchy skin, which is an uncomfortable, irritating sensation that makes the patient want to scratch
“psoriasis” or “Ps”	a skin disease associated with dysregulation of the immune systems that causes a rash with itchy and scaly patches, most commonly on the knees, elbows, trunk and scalp
“RAS”	a low-molecular-weight GDP/GTP-binding guanine triphosphatase, which is a prototypical member of the small-GTPase superfamily
“RAF-induced MEK”	the process where the Raf kinase, activated by upstream signals like Ras, phosphorylates and activates MEK (MAPK/ERK kinase) within the MAPK signaling pathway
“Retinoic acid receptor gamma” or “RARG”	one of the three subtypes of nuclear transcription factors that, upon activation by retinoic acid, regulate the expression of target genes involved in cell differentiation, proliferation, and apoptosis
“RNA”	a nucleic acid present in all living cells
“RP2D”	recommended Phase II dose
“QA”	quality assurance
“QD”	once daily
“SAE”	serious adverse events
“SCLC”	Small Cell Lung Cancer, a rare fast-growing lung cancer
“SCORAD”	a clinical tool used to assess the severity of AD. It combines the extent and intensity of skin lesions with subjective symptoms such as itching and sleep loss to generate a score that reflects disease severity
“SGLT2 inhibitors”	a class of medications used to treat type 2 diabetes and heart failure
“SMDC”	Small-Molecule Drug Conjugate, a class of targeted therapeutic agents that combine the favorable properties of small molecules with the specificity of targeting moieties
“solid tumor”	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them. Examples of solid tumors are sarcomas, carcinomas, and lymphomas
“standard of care”	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
“STAT5”	Signal Transducer and Activator of Transcription 5, a protein involved in cell signaling, particularly in response to cytokines and growth factors

GLOSSARY OF TECHNICAL TERMS

“STZ-induced”	a state, most commonly diabetes mellitus, that is chemically triggered in an animal using the compound streptozotocin (STZ) for research purposes
“Target of Rapamycin Complex 2” or “TORC2”	a central node in signaling feedback loops serving to maintain biophysical homeostasis of the plasma membrane
“TEAE(s)”	treatment emergent adverse events, an event that emerges during treatment, having been absent pretreatment, or worsens relative to the pretreatment state
“Th17”	a subset of T helper cells characterized by their production of interleukin-17 (IL-17) and other inflammatory cytokines
“TNF”	tumor necrosis factor, a group of cell signaling proteins (cytokines) that regulate immune cells and mediate the inflammatory responses
“TNF- α ”	a prominent member of the TNF family and one of the cytokines that make up the acute phase reaction, a series of physiological process occurring soon after the onset of inflammatory processes
“IFN- γ ”	a dimerized soluble cytokine that is the only member of the type II class of interferons
“tolerability”	the degree to which overt AEs of a drug can be tolerated by a patient. Tolerability of a particular drug can be discussed in a general sense, or it can be a quantifiable measurement as part of a clinical study
“TYK2”	Tyrosine Kinase 2, a protein that plays a critical role in immune signaling pathways
“Type 2 diabetes”	a lifelong (chronic) disease in which there is a high level of sugar (glucose) in the blood
“XDC”	a targeted drug therapy, similar to an antibody-drug conjugate (ADC), consisting of a targeting moiety (X), a cytotoxic payload (D), and a chemical linker

FORWARD-LOOKING STATEMENTS

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

This document contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- the timing of initiation and completion, and the progress of our research and development programs and clinical trials;
- the timing and likelihood of regulatory filings and approvals, and pricing of our product candidates;
- the commercialization of our product candidates;
- the market opportunities and competitive landscape of our product candidates;
- estimates of our costs, expenses, future revenues, capital expenditures and our needs for additional financing;
- our ability to attract and retain senior management and key employees;
- future developments, trends, conditions and competitive landscape in the industry and markets in which we operate; and
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals.

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

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

RISK FACTORS

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, as well as our financial statements and the related notes, and the “Financial Information” section, before making an [REDACTED] in our H Shares. Particularly, we are a biotechnology company seeking to [REDACTED] on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our business, financial condition and results of operations and growth prospects could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our H Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR DRUG CANDIDATES

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

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

We cannot guarantee that we will be able to obtain regulatory approvals for our drug candidates in a timely manner, or at all. The success of our drug candidates will depend on several factors, including but not limited to: (i) completion of preclinical studies as well as completion of clinical trials, including successful enrollment of patients; (ii) favorable safety and efficacy data from our clinical trials and other studies; (iii) obtaining sufficient supplies of any drug products that are used in combination with our drug candidates or comparison drugs that may be necessary for use in clinical trials for evaluation of our drug candidates; (iv) establishing or obtaining sufficient commercial manufacturing capabilities; (v) the capabilities and competence of our collaboration partner and the success of clinical trials conducted by, or jointly with, our collaboration partner; (vi) the performance by CROs or other third parties we may retain to conduct clinical trials and preclinical studies of their duties to us in a manner that complies with our protocols and applicable laws without damaging or compromising the integrity of the resulting data; and (vii) obtaining, maintaining, and enforcing patent, trademark, trade secret, and other intellectual property protection and regulatory exclusivity for our drug candidates.

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

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

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

RISK FACTORS

Research programs to identify new drug candidates and to develop our drug candidates for additional indications require substantial technical, financial and human resources. Our research programs may initially show promising results in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development. Accordingly, there can be no assurance that we will be able to identify new drug candidates or develop new indications for our drug candidates or to develop suitable potential drug candidates. We may invest efforts and resources in potential drug candidates or indication expansions that ultimately prove to be unsuccessful. Any of the foregoing events will have a material adverse effect on our business, results of operations and prospects.

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

The global pharmaceutical industry is constantly evolving and in order to maintain our competitive position, we need to keep up with new technologies and methodologies. For example, we have made significant efforts to develop our technology platforms, which allow us to continuously develop a strong pipeline of drug candidates. We must continue to allocate significant human and capital resources to develop or acquire technologies that will enable us to improve the breadth and caliber of our drug pipeline. We intend to continue to enhance our technical capabilities in drug discovery, development and manufacturing, which are capital-and-time-intensive. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies or successfully identify new technological opportunities. Any failure to do so may render our previous efforts obsolete, which could significantly reduce the competitiveness of our technology platforms and drug candidates, and harm our business and prospects.

We face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates. If we fail to effectively compete with our competitors, our competitive position in our target markets may be undermined, our drug candidates, if and when approved, may fail to be commercially successful and our business, financial condition, results of operations and prospects could suffer.

The pharmaceutical industry is subject to fierce competition and rapid and significant technological advancements. We face competition with respect to our current drug candidates from existing products and product candidates under development in the market of autoimmune, metabolic and oncology diseases, including products developed by large and established pharmaceutical companies with substantially greater resources, more extensive development and commercialization capabilities, and more established market presence than us. We will also face competition with respect to any drug candidates that we may seek to develop or commercialize in the future.

HJ787, our topical TYK2 inhibitor candidate, will compete with a range of approved therapies for AD, AV and ND in China, including JAK inhibitors, PDE-4 inhibitors and corticosteroids, several of which are included in the NRDL and are already widely adopted in clinical practice. Major pharmaceutical companies have established strong market positions with their products for dermatological indications. These companies possess extensive commercial infrastructure, established relationships with dermatologists and healthcare providers, and significant marketing resources that may provide competitive advantages in physician and patient adoption. As of the Latest Practicable Date, 13 TYK2-targeted drug candidates registered with the CDE were in Phase II or Phase III clinical development in China, and a number of additional TYK2 and JAK inhibitor candidates at various stages of development may further compete with HJ787 upon approval. Major pharmaceutical companies have established treatment patterns, physician familiarity, and reimbursement coverage that may present barriers to market entry for new entrants.

The GLP-1 related therapies market for type 2 diabetes and obesity in China is rapidly evolving and dominated by large multinational pharmaceutical companies. As of the Latest Practicable Date, 14 GLP-1 related therapies had been approved in China for the treatment of type 2 diabetes, comprising one oral formulation and 13 injectable formulations, and five oral GLP-1 related therapies candidates were in Phase II or later clinical development in China. The emergence of oral GLP-1 related therapies, which offer the pharmacological benefits of injectable formulations—including glucose-dependent insulin secretion, glucagon suppression and increased satiety—in a more convenient dosage form, is intensifying competition in the oral segment in which our candidate is positioned. While market growth from 2024 to 2032 is expected to be driven by increasing diagnosis rates, higher treatment rates and rising GLP-1

RISK FACTORS

related therapies penetration, these same dynamics will continue to attract further competitive entry from both established pharmaceutical companies and emerging biotechnology companies. Additionally, HJ178 will face competition from other oral anti-diabetic drug classes including SGLT-2 inhibitors, and DPP-4 inhibitors many of which are marketed by major pharmaceutical companies, have established efficacy and safety profiles, are included in treatment guidelines, and benefit from NRDL inclusion and favorable reimbursement status. Even if HJ178 demonstrates differentiated clinical benefits, physician prescribing habits, existing treatment algorithms, and reimbursement considerations may favor established therapies.

HJ891, our KRAS^{G12C} inhibitor candidate, faces competition from both approved therapies and a significant number of clinical-stage programmes. As of the Latest Practicable Date, 6 drugs for KRAS^{G12C}-mutated NSCLC had been approved globally, and a total of 9 KRAS^{G12C}-targeted drug candidates were registered with the CDE and in Phase II or later clinical development in China.

Even if successfully developed and subsequently approved by the NMPA, the FDA or other comparable regulatory authorities, our drug candidates may still face competition in various aspects, including safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price and patent status. Our competitors may have substantially greater financial, technical and human resources and expertise in research and development, manufacturing, preclinical studies, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, engaging clinical trial sites and patient recruitment for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our research programs. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or achieve better acceptance in the markets.

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

Prioritization of certain programs may delay others and adversely affect our competitive position.

We are developing a number of drug candidates across multiple therapeutic indications. We may prioritize certain drugs and indications over others, which can delay the initiation or progression of some clinical programs. We are developing drug candidates across multiple therapeutic indications, including HJ787, HJ178, and HJ891. Given our limited R&D resources and budget, we must prioritize certain drug candidates and indications over others, which may delay lower-priority clinical programs. Our focus on multiple indications with constrained resources may result in slower clinical and commercialization progress compared to competitors with greater resources, limit our ability to advance multiple programs simultaneously, and reduce our ability to compete effectively. Such prioritization may slow our clinical progress relative to competitors, reduce the likelihood of securing first-mover advantages, and make it more difficult to attract collaboration partners. If we are unable to advance our pipeline in a timely manner due to resource constraints or prioritization decisions, our business, financial condition and prospects could be materially and adversely affected.

RISK FACTORS

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

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

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

We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approvals for the development and commercialization of our drug candidates, including but not limited to situations whereby regulators may not authorize us to commence a clinical trial or conduct a clinical trial at a prospective trial site. If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may experience a delay in obtaining regulatory approval for our drug candidates or not obtain regulatory approval at all, among other things.

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

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

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

Patient enrollment for our clinical trials may be affected by many factors. For example, some of our competitors have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors’ drug candidates. Other factors include epidemics or other events beyond our control. Failure to enroll a sufficient number of patients in our clinical trials in a timely manner could prevent completion of our trials and adversely affect our ability to advance the development of our drug candidates.

RISK FACTORS

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

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

Additionally, any AEs or undesirable side effects caused by our drug candidates after they receive regulatory approval may lead to potentially significant negative consequences. Further, combination therapy using our drug candidates together with third-party agents may involve AEs, which in some cases could be exacerbated compared with AEs from monotherapies. Any of these events could prevent us or our collaboration partner, as applicable, from achieving or maintaining market acceptance of any particular drug candidate that is approved and could significantly harm our business, financial condition, results of operations and prospects.

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

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

In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including ethnical and genetic differences, patient adherence to the dosing regimen and other trial protocol elements, the rate of dropout among clinical trial participants, and other compounding factors, such as other medications or pre-existing medical conditions. In the case of any trials we conduct, results may differ from earlier trials due to, among other things, the larger number of clinical trial sites, additional countries and languages involved in such trials, the different conductors of the trials, different clinical trial standards required in different jurisdictions, different patient population, and different standard of care and pretreatment of patients before enrolling in such trials. Any of these changes could make the results of planned clinical trials or other future clinical trials we may initiate less predictable and could cause our drug candidates to perform differently, which could delay completion of clinical trials, delay approval of our drug candidates and/or jeopardize our ability to commence commercialization of our drug candidates. Furthermore, there can be no assurance that non-head-to-head analyses (e.g., comparisons with competing drugs based on their publicly available study and trial data) will be predictive of future clinical results.

RISK FACTORS

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

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for specific indications. We cannot exclude the possibility that our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products. We may also deprioritize our pursuit of opportunities with other drug candidates or for other indications, which might later be proven to have greater commercial potential or a greater likelihood of success.

If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain development and commercialization rights to such drug candidate, or we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement. Our business expansion and financial position may be adversely impacted in that case.

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

We plan to develop certain of our drug candidates for combination therapies. For example, we are exploring HJ891 in combination with PD-1 for the treatment of KRAS^{G12C}-mutated non- squamous NSCLC. If any of the NMPA, the FDA or other comparable regulatory authorities revokes its approvals of the pharmaceutical products or medical treatments we intend to use in combination with our drug candidates, we may not be able to develop or market our drug candidates as a combination therapy as planned. In addition, if safety or efficacy issues arise with these pharmaceutical products or medical treatments that we seek to combine with our drug candidates, we may also experience significant regulatory delays, and be required to re-design or terminate the relevant clinical trials. Moreover, if manufacturing or other issues result in a supply shortage of any component in the combination therapies we are developing, we may not be able to complete clinical development of our drug candidates under our target timetable or within our current budget, or at all.

The current IND approval for HJ891 as a combination therapy covers only toripalimab developed by Junshi. Accordingly, the use of any other approved PD-1 inhibitor in combination with HJ891, whether during clinical development or following commercialisation, would require prior approval from the CDE. If we are required or elect to substitute toripalimab with an alternative PD-1 inhibitor — whether due to supply constraints, commercial considerations, or changes in the competitive or regulatory landscape — we would need to obtain separate CDE approval before proceeding, which could result in material delays to our clinical development timeline. Furthermore, different PD-1 inhibitors may have distinct pharmacological profiles, safety characteristics and immunogenic properties. There can be no assurance that HJ891 will demonstrate a comparable safety or efficacy profile when used in combination with a PD-1 inhibitor other than toripalimab. Any change in the combination partner could necessitate additional preclinical or clinical studies to establish the safety and efficacy of the new combination regimen, further extending the development timeline and increasing costs. If the combination of HJ891 with an alternative PD-1 inhibitor fails to demonstrate an acceptable safety profile or sufficient efficacy, our ability to advance HJ891 through clinical development and obtain regulatory approval may be materially and adversely affected.

RISK FACTORS

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

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

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

In addition, we engage CROs and other third parties in our clinical trials. If any of our CROs or other third parties do not perform to our standards in terms of data accuracy or completeness, such data may be compromised as a result, and our engagement of these parties does not relieve us of our regulatory responsibilities.

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

We face an inherent risk of product liability as a result of the clinical trials and any future commercialization of our drug candidates inside and outside China. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws.

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

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

RISK FACTORS

RISKS RELATING TO MANUFACTURING OF OUR DRUG CANDIDATES

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

We have no experience in manufacturing pharmaceutical products, which is a complex process requiring significant expertise and capital investment, in part due to strict regulatory requirements. If problems arise during the production process of certain future products, a batch or several related batches of such product may have to be discarded and cause production delays, cost increases, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the products are released to the market, recall and product liability costs may also be incurred.

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

We collaborate with third parties to manufacture our clinical drug supplies, and expect to continue doing so in the foreseeable future. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently collaborate with CDMOs for the manufacturing of our drug candidates. We expect collaboration with CDMOs to remain an important part of our production plan to support the ongoing preclinical and clinical development of our drug candidates. Our anticipated reliance on a limited number of third-party manufacturing partners may expose us to risks. For example, we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and applicable health authorities must approve any manufacturers. This approval would require new testing and good manufacturing practices compliance inspections by health authorities. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of the materials used in the manufacturing of our products.

RISKS RELATING TO COMMERCIALIZATION OF OUR DRUG CANDIDATES

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

Our operations to date have been largely focused on developing our drug candidates, primarily undertaking preclinical studies and conducting clinical trials. We have not yet demonstrated that we have the ability to launch and commercialize any of our drug candidates. Our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in launching and marketing drug candidates. We will have to compete with many companies that currently have commercialization teams and extensive sales and marketing operations. With limited experience in sales and marketing, we may be unable to compete successfully against these more established companies. In the long term, if we intend to distribute our

RISK FACTORS

products worldwide, we would need to develop and expand our in-house marketing organization and sales force, which will require significant expenditures, management resources and time. We will have to compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel.

We may also consider working with external partners to leverage their sales and marketing expertise and well-established networks and resources. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We will also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates. There can be no assurance that we will be able to successfully develop and maintain in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaboration partners to successfully commercialize any product, and as a result, our ability to generate product sales revenue may be negatively affected.

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

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

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

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

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

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

RISK FACTORS

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

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

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

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

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

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain patent protection for our drug candidates, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and the commercial prospects of our drug candidates would be materially and adversely affected.

We view the proprietary protection of our drugs as integral to our entire operation. We sought to protect the drug candidates and technologies that we consider commercially important by filing patent applications in China and other countries, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. Any failure by us to obtain or maintain patent protection with respect to our drug candidates and technologies could materially adversely affect our business, financial condition, results of operations and prospects.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. In such cases, it is possible that our patent applications will be

RISK FACTORS

rejected. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, consultants, advisors and other third parties, may breach non-disclosure and confidentiality agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection.

In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in certain jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

Furthermore, China and the United States have adopted the “first-to-file” system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met and no objection are raised by other parties. Under the first-to-file system, if third parties file first, they may be granted a patent relating to a technology which we invented. In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA for confidential examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

Our drugs may become subject to intellectual property infringement or misappropriation claims or other legal challenges and such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

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

Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or manufacture of the drugs we have developed or are developing. Such third parties might resort to litigation against us. Any patent or trademark infringement, trade secret misappropriation or other intellectual property claims or legal proceedings brought against us could result in substantial costs and divert capital resources and management attention, we may be unsuccessful in defending such claims or legal proceedings.

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

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. For example, the expiration of a patent is generally 20 years for invention in the PRC and generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority in the United States. generic or biosimilar medications may obtain marketing approval following our patent expiration. The patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates. For the expiration dates of our issued patents for our drug candidates, see “Business—Intellectual Property” in this document for details. 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.

RISK FACTORS

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, which could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Failure to protect our know-how, trade secrets and other confidential proprietary information may adversely affect our competitiveness.

In addition to patents and pending patent applications, we rely on know-how, trade secrets and other confidential proprietary information that cannot be patented to maintain our competitive position. To protect such intellectual property, we generally enter into nondisclosure and confidentiality agreements with employees, business partners, consultants, advisors and other third parties. Our standard employment contract contains a confidentiality clause and an assignment clause, under which we own all the rights to all inventions, technologies, know-how and trade secrets derived during the course of our employee’s work. We also enter into standard non-compete agreements with our key personnel. Additionally, we require our collaborating research institutions or other individuals to sign contracts with provisions that limit their ability to disclose certain data and other information obtained during the course of their research. However, we cannot assure you that our employees or other third parties will not intentionally or inadvertently make unauthorized disclosures or uses of our know-how, trade secrets and other confidential proprietary information. We also cannot guarantee the physical and cyber security of our information technology systems from data breaches and malicious attacks. Despite measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully gain access to, obtain or use information that we regard as proprietary without our consent. Moreover, there may not be adequate remedies readily available to mitigate their unauthorized use or disclosure of our confidential proprietary information. We may hence be unable to sufficiently protect our trade secrets and proprietary information and other parties may attempt to or successfully make use of our know-how, trade secrets and other confidential proprietary information to produce drugs that erode our competitive position. Any enforcement and/or remedial measures that we take may be expensive and time-consuming, and the eventual outcomes may be unfavorable.

We require our employees who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us. However, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, 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. 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 against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

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.

Many of our employees, consultants and advisors, including our senior management, were previously employed at other pharmaceutical or biotech companies, including our competitors or potential competitors. Some of these employees, consultants and advisers executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual’s former employer, or that third parties have an interest in our patents as an inventor or co-inventor. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our

RISK FACTORS

senior management, but such claims may rise in the future. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Failure to adequately protect our trade names, trademarks and other intellectual property may affect our ability to build brand recognition.

Our trade names or trademarks may be challenged, infringed, circumvented or declared generic or infringing on other marks. We may not be able to protect our rights to these trade names and trademarks, which we need to build brand recognition among potential partners or customers in our markets of interest. 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 and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Additionally, there is no guarantee that we will always be able to successfully register our trade names and trademarks. Failure to do so may prevent us from using our trade names and trademarks under the protection of the relevant laws and regulations, and we risk being accused of infringing other intellectual property rights. In addition, at times, competitors may adopt trade names or trademarks similar to our own and impede our ability to build brand recognition. Over the long term, failure to establish brand recognition based on our trade names and trademarks may prevent us from competing effectively and diminish our future prospects.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We are a clinical-stage biopharmaceutical company with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We are a clinical stage biopharmaceutical company with a limited operating history. Our operations to date have focused on establishing our intellectual property portfolio, conducting drug discovery, preclinical studies and clinical trials of our drug candidates, organizing and staffing our operations, business planning and raising capital. We have not yet demonstrated an ability to successfully obtain marketing approvals for, or commercialize, our drug candidates. To date, we have no products approved for commercial sale and have not generated any revenue from product sales.

Our limited operating history, particularly in light of the rapidly evolving drug research and development industry in which we operate and the changing regulatory and market environments we encounter, may make it difficult to evaluate our prospects for future performance. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history. We will encounter risks and difficulties frequently experienced by early-stage companies in rapidly evolving fields as we seek to transition to a company capable of supporting commercial activities. If we do not address these risks and difficulties successfully, our business will suffer.

We have incurred net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future and may never achieve or maintain profitability.

Investment in the development of biopharmaceutical products is highly uncertain as it entails substantial upfront expenditures and significant risks that a drug candidate may fail to demonstrate efficacy and safety to gain regulatory or marketing approvals or become commercially viable. We have not generated any revenue from commercial product sales to date, and we continue to incur significant research and development costs and other expenses related to our ongoing operations. As a result, we have incurred net losses in 2024 and 2025 of RMB202.3 million and RMB135.1 million, respectively.

RISK FACTORS

Our net losses during the Track Record Period were primarily attributable to expenses incurred by our research and development activities, including those in relation to our preclinical studies and clinical trials, as well as fair value change of financial instruments with preferred rights. In 2024 and 2025, our expenses in relation to R&D activities were RMB75.0 million and RMB110.2 million, respectively. During the same years, we recorded loss from changes in fair value of instruments with preferred rights of RMB124.7 million and nil, respectively. See “Financial Information—Description of Selected Components of the Consolidated Statements of Profit or Loss and Other Comprehensive Income” in this document for details. Our ability to generate revenue and achieve profitability depends significantly on our success in advancing these drug candidates into later stages of clinical development, and obtaining regulatory approvals for each drug candidate, which we may not be able to do in a timely manner or at all. We expect to continue to incur net losses in the foreseeable future, and that these net losses may increase as we carry out certain activities relating to our development, including, but not limited to ongoing and planned research and development and further expansion of our product pipeline.

The size of our future net losses will depend, among other factors, on the rate of the future growth of our expenses, our ability to generate revenues and the timing and amount of milestone payments and other payments that we receive from or pay to third parties. If any of our drug candidates fails during clinical trials or does not gain 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 prior losses and expected future losses have had, and will continue to have, an adverse effect on our business, financial condition and results of operation.

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

During the Track Record Period, we funded our operations primarily through equity financing and revenue from our out-licensing agreements. We expect our expenses to increase significantly in connection with our ongoing activities, particularly as we advance the clinical development of our clinical-stage drug candidates, continue the research and development of our preclinical stage drug candidates and initiate additional clinical trials of, and seek regulatory approval for, these and other future drug candidates. In addition, if we obtain regulatory approvals for any of our drug candidates, we expect to incur significant commercialization expenses relating to product manufacturing, marketing, sales and distribution and post-approval commitments to continue monitoring the efficacy and safety data of our future products on the market. Accordingly, we may need to secure substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources.

We expect to fund our future operations primarily with existing cash and cash equivalents, revenue from our out-license agreements, and [REDACTED] from the [REDACTED]. Upon the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drug products. Changes in our ability to fund our operations may affect our cash flow and results of operations. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts.

We have historically received financial incentives, such as government subsidies, and we may not continue to receive such incentives in the future.

We have historically received various government subsidies, including subsidies from different PRC governmental authorities to support the research and development for our drug candidates. We recognized government grants as other income of RMB0.8 million and RMB88.0 thousand in 2024 and 2025, respectively. There is no assurance that we could continue to enjoy or maintain financial incentives or government subsidies at the historical levels, or at all, or apply for new financial incentives or government subsidies. Any change, suspension or termination of these government subsidies, or government financial incentives in other forms, may have a negative impact on our business, financial condition and results of operations.

RISK FACTORS

We had net operating cash outflow during the Track Record Period.

We had net cash used in operating activities of RMB78.0 million and RMB89.4 million in 2024 and 2025, respectively. While we believe we have sufficient working capital to fund our current operations for the next few years, we expect that we will continue to experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our operating cash and capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

Fair value changes in financial assets at fair value through profit or loss may adversely affect our financial condition and results of operations.

During the Track Record Period, we acquired certain wealth management products and structured bank deposits to improve the utilization of our cash on hand. We classified these wealth management products and structured bank deposits as financial assets at fair value through profit or loss, or FVTPL. As of December 31, 2024 and 2025, we recorded financial assets at FVTPL of RMB329.1 million and RMB372.2 million, respectively. We recorded gains on financial assets at FVTPL of RMB5.7 million and RMB6.5 million for the years ended December 31, 2024 and 2025, respectively.

We may continue to allocate capital to wealth management and similar instruments. We cannot assure you that factors beyond our control, including general economic and market conditions, movements in market interest rates, and the prevailing regulatory environment, will result in fair value gains on such investments, or that we will not incur fair value losses in the future. Should we incur such losses, our results of operations and financial condition could be materially and adversely affected. Moreover, even if fair value gains are realized, the yields generated by these investments may be materially below our expectations. The fair values of these instruments may also fluctuate significantly, giving rise to valuation uncertainty. Any failure to realize the anticipated benefits of these investments could materially and adversely affect our business, results of operations, and financial condition.

RISKS RELATING TO OUR OPERATIONS

We may fail to successfully manage our growth and expand our operations.

Since our inception, we have sought to expand our business through organic growth. As we advance our drug candidates through clinical trials and prepare for potential commercial launch for multiple drug candidates in the future, we will need to expand our development capabilities and seek cooperation opportunities for the sales and marketing of our future approved drugs. However, we cannot guarantee that we will be able to successfully execute our development strategies. To a certain extent, our future growth may be affected by changes in regulatory, economic or political conditions beyond our control, such as changes in China's general economic conditions, the biotech industry and relevant government regulations. It is difficult to predict our future growth based on our historical and operating data. We also cannot assure you that our future development plan will materialize. [REDACTED] should not rely solely on our historical results of operations to predict our future performance. Additionally, our expansion plans are based on our forward-looking assessment of market prospects. We cannot assure you that our assessments will prove correct.

We may be unable to attract and retain senior management and qualified clinical or research and development personnel.

Our operation depends in part on our continued ability to attract, retain and motivate senior management and qualified management, clinical and scientific personnel. We believe their efforts, connections and industry expertise are key to our business development. The loss of services of any of our key management personnel may impede the achievement of our research, development and commercialization objectives. We cannot guarantee that we will be able to promptly hire and integrate qualified replacements. Replacing executive officers or senior management personnel may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and

RISK FACTORS

commercialize small molecule drugs like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotech companies for similar personnel.

In addition, the future growth of our business will depend partly on our ability to attract and retain qualified personnel on reasonable terms, particularly those involved in our clinical and research and development operations. We may need to compete with other drug companies for employees with the relevant qualifications and experience. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Our consultants and advisers may be employed by others entities and may have commitments under consulting or advisory contracts with employers that may limit their availability to us.

We have entered into collaboration agreements, and may form or seek other collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.

We have entered into collaboration agreements in relation to HJ197 and HJ191. See “Business—Collaborations” in this document for details. We may continue to explore a variety of possible strategic collaborations or license opportunities in an effort to utilize the resources of our partners to advance the development of our drug candidates or gain access to additional drug candidates, technologies or commercialization resources. We face significant competition in seeking appropriate strategic partners and the negotiation process, which is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates, because a majority of them may be deemed to be at too early of a stage of development for collaborative effort and potential partners may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability.

We may not be able to realize the benefit of current or future collaborations, if we are unable to successfully integrate such collaborations with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or other financial benefits that justify such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail or delay the development or commercialization of one or more of our drug candidates, reduce the scope of any sales or marketing activities, or increase our expenditures and undertake such development or commercialization activities at our own expense. As a result, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

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

We are exposed to the risk of fraud, misconduct or other illegal activity by our employees, CROs, CDMOs, collaboration partners and others with whom we deal. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to: (i) comply with the laws of the NMPA and other regulatory authorities; (ii) provide true, complete and accurate information to the NMPA and other regulatory authorities; (iii) comply with healthcare fraud and abuse laws in China; or (iv) report financial information or data accurately or to disclose unauthorized activities to us. If we obtain NMPA approval for any of our drug candidates and begin commercializing those drugs in China, our potential exposure under relevant laws will increase significantly and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators of our clinical trials and our use of information obtained in the course of patient recruitment for clinical trials.

RISK FACTORS

It is not always possible to identify and deter misconduct by employees and other parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

We may be required to pay late payment fines or other penalties in connection with our failure to contribute to social insurance and housing provident funds.

We are subject to various labor-related laws and regulations in the Chinese Mainland and other jurisdictions in which we operate. For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in the Chinese Mainland. We are required to (i) set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in accordance with the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》) and (ii) obtain social insurance certificates (社會保險登記證) for our employees and pay the social insurance contributions time in accordance with the PRC Social Insurance Law (中華人民共和國社會保險法). We may be required to pay such shortfall in housing provident fund and social insurance contributions within a prescribed time period and to pay penalties if we fail to do so. As advised by our PRC Advisors, (i) under the Regulations on Administration of Housing Provident Fund, if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people’s court to make such payments; and (ii) according to the PRC Social Insurance Law, (a) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; and (b) if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount. Violations of these laws and regulations could adversely affect our brand, overseas growth efforts and business. As of December 31, 2024 and 2025, our shortfall in social insurance and housing provident fund contribution amounted to RMB5.8 million and RMB7.4 million, respectively, on a cumulative basis.

We have implemented remedial measures and enhanced our internal control, and we began paying housing provident fund and social insurance for our employees in full from August 2025. As advised by our PRC Legal Advisors, the likelihood of material administrative fines or other penalties being imposed against us in respect of the previously unpaid contributions is considered remote because: (i) as of the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our previous unpaid contributions; (ii) we have obtained Special Credit Reports for Market Entities confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (iii) based on the interviews conducted by our PRC Legal Advisors with relevant competent authorities, the government agencies have confirmed that in the absence of large-scale employee complaints, they generally will not proactively initiate investigations into the previous unpaid social insurance or housing fund contributions. As of the Latest Practicable Date, we were not aware of any employee complaints or involved in any labor disputes with our current or former employees, with respect to social insurance and housing provident funds; and (iv) On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment (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), which prohibits local authorities from organizing and conducting centralized collection of enterprises’ historical shortfall of social insurance contributions.

Our compliance risks may increase as PRC labor laws and regulations continue to evolve. According to Article 19(1) of the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which was issued on July 31, 2025 and became effective on September 1, 2025, any agreement between an employer and an employee that waives social insurance contributions or any employee undertaking to that effect is invalid. Our PRC Legal Advisors is of the view

RISK FACTORS

that the New Judicial Interpretation does not repeal or change the existing social insurance laws and regulations, and does not by itself increase our social insurance exposure. However, as PRC labor laws and regulatory guidance continue to evolve, we cannot assure how future developments may affect our operations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal costs, and our business, financial condition and results of operations could be materially and adversely affected.

We did not make any provisions for the shortfall. However, no assurance can be given that PRC authorities will not seek to impose fines, late payment fees or other penalties in respect of our prior underpayments, or that the amounts of any such fines, fees or liabilities will not be material. If PRC authorities were to impose material fines, late payment fees, or other penalties, our financial condition, results of operations and cash flows could be materially and adversely affected.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially and adversely affect our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures, manufacturing facilities 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 and biological materials, and may produce hazardous waste products. 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. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties. Although we maintain statutory employees’ social insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. During the Track Record Period, we failed to comply the requirements for the simultaneous implementation of safety facilities and the simultaneous implementation of occupational disease prevention measures for a construction project. As of the date of this document, we have rectified such compliance and obtained the relevant report as needed. If a production and operation entity fails to simultaneously implement safety facilities concurrently with a construction project as required, it may be ordered to make corrections within a specified time limit, and may fined between RMB5,000 to RMB30,000. If it fails to implement occupational disease prevention measures concurrently as required, the health administrative department will issue a warning and order corrections within a specified time limit; if no corrections are made within the time limit, a fine of RMB10,000 to RMB500,000 will be imposed; and if the circumstances are serious, operations that generate occupational disease hazards may be suspended, and the relevant people’s government may be requested to order the suspension of construction or closure. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We may be exposed to risks of conducting our business and operations in international markets.

International markets are an important component of our growth strategy. We plan to explore market opportunities overseas, where we believe there is substantial demand for our drug candidates, and we may also collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. We may also seek licensing and co-development opportunities with global MNCs, and expand our global clinical programs. For more details, see “Business—Our Business Strategies” in this document for details. However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including but not limited to: (i) efforts to enter into collaboration or licensing arrangements with third parties may increase our expenses or divert our management’s attention from the development of drug candidates; (ii) changes in a specific country’s

RISK FACTORS

or region’s political and cultural climate or economic condition; (iii) differing regulatory requirements for drug approvals and marketing internationally; (iv) difficulty of effective enforcement of contractual provisions in local jurisdictions; (v) potentially reduced protection for intellectual property rights; (vi) unexpected changes in tariffs, trade barriers and regulatory requirements; (vii) compliance with tax, employment, immigration and labor laws for employees traveling abroad; and (viii) business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

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

Changes in social trends and political policies related to environmental, social, and governance issues may adversely affect our business operation.

As a biotech company, we are subject to potential risks arising from changes in social trends and political policies related to environmental, social, and governance (ESG) issues, such as public perception with respect to animal testing for the R&D of small molecule drugs. Changes in social trends and political policies related to ESG issues could impact our business model in several ways. For example, if there is a shift towards more stringent regulations on environmental protection or animal welfare, we may face increased compliance costs and operational challenges. Similarly, if there is a growing demand for small molecule drugs that are developed and manufactured using environmentally friendly process, we may need to adapt our pipeline and invest in new technologies and process to reduce our environmental footprint.

Moreover, changes in political policies related to ESG issues may impact our access to funding and other resources that are critical to our growth and success. For instance, if there is a change in government policies that restricts funding for biotech companies that do not meet certain ESG criteria, we may face challenges in securing financing for our business activities.

Negative publicity about us, our Shareholders and affiliates, our brand and management may materially and adversely affect our business, reputation and [REDACTED] of our H Shares.

We believe that market awareness and recognition of our brand image is important to our commercial prospect. Despite our efforts to promote our brand image, we may not be successful in doing so. Over the long term, negative publicity may materially and adversely affect our business and brand so as to reduce the [REDACTED] of our H Shares and diminish our competitive position. As we continue to grow our business, we may find it necessary to expand our network of collaborators to enhance our marketing and branding efforts. Since we have limited control over such parties, we cannot guarantee that our efforts will be successful, nor that they will perform according to the standards expected. Any actions on their part that reflect negatively on our business or generate negative publicity for us may impede our efforts to establish our industry reputation.

Furthermore, negative publicity about us, our Shareholders and affiliates, alleged misconduct or improper activities or negative rumors relating to us, our management, employees, business partners or affiliates may arise from time to time in the internet and other media sources. They may harm our business and results of operations even if they are unsubstantiated. There is no guarantee that our efforts to defend ourselves against such negative publicity or rumors, or to address them internally, will be successful. Any regulatory inquiries or investigations against our directors and senior management, business partners or other affiliates regarding any perceived unethical, fraudulent or other inappropriate conduct may be particularly harmful to our reputation regardless of the merits or final outcome. In turn, this may affect our ability to grow our business and attract customers, suppliers and talented employees.

We are also particularly susceptible to negative media about the drug industry in general or particular drugs or services. Such negative media may result from the actions of competitors or other industry players, over whom we have no control. It is possible that the PRC government may promulgate laws and regulations that seek to address the source and reasons for such negative media. We cannot guarantee that we will be able to adapt to such laws and regulations in a timely and effective manner, including adequate management of the related compliance costs.

RISK FACTORS

We are exposed to risks in connection with failing to detect and prevent fraud, negligence or other misconduct committed by third parties.

Our information management system and internal control procedures are designed to monitor our operations and overall compliance. There will therefore continue to be risks that fraud, negligence and other misconduct (accidental or otherwise) may occur and cause negative publicity, which may have an adverse effect on our brand and reputation. Although we have limited control over the behavior of any of these parties, we may be viewed as at least partially responsible for their conduct. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our employees, business partners, suppliers, customers or other third parties from time to time. To the extent that we cannot recover related costs from the employees, business partners, suppliers, customers or other third parties involved, we may experience material adverse effects on our business, financial position and results of operations.

Our insurance coverage may not sufficiently cover the risks related to our business operations.

We maintain insurance policies that we believe are customary with standard commercial practice in the drug industry and as required under the relevant PRC laws and regulations. However, we cannot guarantee you that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. For example, although we maintain liability insurance covering our clinical trials as required under PRC laws and regulations, our coverage may be insufficient to cover any amounts payable under court judgments or settlements. Should we incur substantial amounts in product liability claims, and be unable to cover these with our existing insurance policies or internal resources, we may be forced to suspend other key operations, such as the conduct of clinical trials, to divert funds from other aspects of our business.

Moreover, there are certain losses for which insurance is not available in China on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. We may be required to bear our losses to the extent that they are not covered by insurance, or that our insurance coverage is insufficient, and such amounts could be substantial. We could suffer significant costs and diversion of our resources as a result.

Our information technology systems, or those of our CROs or other service providers or consultants, may fail or suffer security breaches.

Our internal computer systems and those of our CROs, service providers or consultants are vulnerable to damage or interruption caused by, among others, power outages, computer viruses, phishing attacks, ransomware, worms, unauthorized access, telecommunication failures, cyber-attacks, natural disasters, terrorism and war. Should such events occur and interrupt our operations, we may experience a material disruption to our business operations.

In our ordinary course of business, we collect and store sensitive information, including the personal information of our employees, various intellectual property (including trade secrets), research and development information, sales and marketing strategies and key business and financial data. We manage and maintain our information and data through on-site systems and third-party vendors. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our sites or third-party vendors may materially and adversely affect our business operations by damaging key data and equipment. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. There is no guarantee that our disaster recovery and automatic recovery systems will be able to retain and recover all the equipment or data affected by shutdowns or service disruptions. In addition, we may not have adequate insurance coverage to compensate for losses associated with such events.

Furthermore, we are vulnerable to risks caused by misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss of sensitive information maintained in our information systems and those of our vendors, including confidential data on our employees, customers, suppliers and clinical

RISK FACTORS

trial subjects. Outside parties may attempt to penetrate our information systems or those of our vendors, or fraudulently induce our employees or our vendors’ employees to disclose sensitive information through means such as viruses, phishing and cyber-attacks. The number and complexity of these threats continue to increase over time. In the event of a material breach of our information technology systems or those of our vendors, our business partners, customers or other industry players may have a negative perception of the effectiveness of our security measures, and we may experience harm to our reputation and credibility. We may also be compelled to expend substantial financial resources to repair or replace our information systems. In addition, we may be subjected to collective actions and/or claims from individuals respecting issues related to data privacy laws and regulations, such as misuse or inappropriate disclosure of data and unfair or deceptive practices.

The development and maintenance of our information systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. We may not always be able to adapt our internal control procedures and update our information systems in a sufficiently timely or effective manner to eliminate all such risks. Additionally, the more we outsource protection and upgrading of our information systems to vendors, engage in electronic transactions and rely on cloud-based information systems, the less control we have over the risks to our information systems. To the extent that disruptions or security breaches of our information systems or those of our vendors, CROs, service providers or other consultants compel us to temporarily suspend our business operations, we may experience delays to the development and commercialization of our drug candidates.

Failure to comply with existing or future laws and regulations related to privacy or data security could lead to government enforcement actions, which could include civil or criminal fines or penalties, private litigation, other liabilities, and/or adverse publicity.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information in China is rapidly evolving and is likely to remain uncertain for the foreseeable future. There are numerous laws that protect the confidentiality of individually identifiable patient health information, including patient records, and restricting the use and disclosure of that protected information. Regulatory authorities may continue to introduce additional legislative and regulatory proposals concerning personal data protection.

In terms of cybersecurity and personal information protection, the Standing Committee of the NPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) and Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). The PRC Cybersecurity Law, which came into effect on June 1, 2017, requires network constructors, operators, and service providers to implement cybersecurity protection measures and strengthen network information management. On September 12, 2022, the CAC proposed draft amendments to the PRC Cybersecurity Law, imposing stricter legal liabilities for certain violations. These amendments were publicly solicited for opinion again from March 28, 2025 until April 27, 2025, and uncertainties remain regarding their final form, interpretation, and implementation.

The Personal Information Protection Law of the PRC, which became effective on November 1, 2021, sets forth detailed rules on handling personal information and legal responsibilities and also strengthen the punishment for illegal process of personal information. Under the Personal Information Protection Law of the PRC, healthcare relevant personal information, including the information collected during clinical trials, shall be deemed as “sensitive personal information” and shall be under strict protection. Furthermore, GCP requires that the privacy of trial subjects and the confidentiality of the relevant information shall be protected.

In terms of cross-border transfer of data, the Data Security Law of the PRC (《中華人民共和國數據安全法》) which has taken effect on September 1, 2021, provides that relevant authorities will establish the measures for the cross-border transfer of import data, if any company violates the Data Security Law of the PRC to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines, and/or may suspension of relevant business or revocation of the business license. Moreover, the Outbound Data Transfer Security Assessment Measures (the “Outbound Data Transfer Security Assessment Measures”) (《數據出境安全評估辦法》) was published on July 7,

RISK FACTORS

2022 and became effective on September 1, 2022, which specifies that data processors who intend to provide important data and personal information that are collected and generated in the operation within the territory of the PRC to overseas shall be subject to security assessment. The Outbound Data Transfer Security Assessment Measures further stipulate the process and requirements for the security assessment. On September 24, 2024, the State Council released the Regulations on the Management of Network Data Security (the “Regulations on MNDS”), which has come into force on January 1, 2025. The Regulations on MNDS is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. The Regulations on MNDS introduces several key obligations, including requiring network data processors to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is processed. We will continue to adopt relevant improvement measures to ensure effective protection and lawful utilization of data and personal information.

Compliance with these and any other applicable laws, regulations, standards and obligations relating to data privacy, security and transfers is a rigorous and time-intensive process and may cause us to incur additional operational costs or require us to modify our data processing practices and processes. If we or our third-party vendors, collaborators, contractors and consultants fail to comply with any such laws or regulations, we may face proceedings against us by data protection authorities and governmental entities, which could subject us to significant fines, penalties, judgments, negative publicity and reputational damage, and may otherwise materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and an active [REDACTED] market for our H Shares may not develop.

No public market currently exists for our H Shares. The [REDACTED] for our H Shares to the public will be the result of negotiations between our Company and [REDACTED] (on behalf of itself and the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will rise following the [REDACTED].

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

The [REDACTED] and [REDACTED] of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in [REDACTED] and changes in demand for our products may cause significant and sudden changes to the [REDACTED] and [REDACTED] of our H Shares. Furthermore, the [REDACTED] of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares.

The Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the [REDACTED] of our H Shares.

RISK FACTORS

[REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

[REDACTED] will pay a price per H Share in the [REDACTED] that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as of December 31, 2025. Therefore, purchasers 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] adjusted net 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], [REDACTED] would receive less than the amount they paid for their H Shares. See “Appendix II—Unaudited [REDACTED] Financial Information” to this document for details.

There is no assurance whether and when we will pay dividends, which is subject to satisfaction of requirements and necessary procedures under applicable PRC laws and regulations.

No dividend had been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Dividends payable to investors and gains on the sale of our H Shares may be subject to PRC income taxes.

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

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

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

RISK FACTORS

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

Fluctuations in Renminbi exchange rates may lead to foreign exchange losses and materially and adversely affect our ability to pay dividends to holders of our H Shares.

We expect that a substantial majority of our revenue will be denominated in Renminbi. A portion of our revenues may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Shortages in availability of foreign currency may then restrict our ability to remit sufficient foreign currency to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations.

The [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of the PRC may limit our ability to pay dividends and other obligations and affect the value of your investment.

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency into and out of China are subject to PRC foreign exchange regulations. A substantial majority 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 may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under China’s current foreign exchange control system, foreign exchange transactions under the current account conducted by us do not require advance approval from 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. If we cannot obtain sufficient foreign currencies under the current foreign exchange control system to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the number of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

Potential conversion of Unlisted Shares into H Shares may result in an increase in the number of our H Shares available in the market, which could, in turn, affect the price of our H Shares. Our remaining Unlisted Shares may also be converted into H Shares upon completion of required procedures in the future, and such converted shares may be listed or traded on an overseas stock exchange, provided that, prior to the conversion and trading of such converted shares, any requisite filings with relevant PRC regulatory authorities shall be completed. However, the PRC Company Law provides that in relation to the [REDACTED] of a company, the shares of that company which are issued prior to the [REDACTED] shall not be transferred within one year from the date of [REDACTED] of the [REDACTED]. Therefore,

RISK FACTORS

upon completing the requisite filing, our Unlisted Shares may be traded, after the conversion, in the form of H Shares on the Stock Exchange one year after this [REDACTED], which at that time could further increase the number of our H Shares available in the market and may negatively impact the [REDACTED] of 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 its Rules Governing the Listing of Securities on the Stock Exchange. 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 listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

Facts, forecasts and statistics obtained from various government sources in this document relating to the pharmaceutical industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the pharmaceutical industry in and outside China are obtained from various sources, comprising information provided or published by government agencies, and we can guarantee neither the quality nor reliability of such source materials. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, neither we, the Sole Sponsor, [REDACTED] nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions to the extent such information is obtained solely from official governmental sources. Therefore, we make no representation as to the accuracy of such facts, forecast and statistics from official governmental sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the pharmaceutical industry in and outside China may be inaccurate, and you should not place undue reliance on it. 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.

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and [REDACTED] should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

RISK FACTORS

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.

Prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the [REDACTED], there may have been or may be press and media coverage regarding us, our business, our industry and the [REDACTED]. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the publication of any such information contained in such press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the press or media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of such information is inconsistent or conflicts with the contents of this document, we expressly disclaim responsibility for them. Accordingly, prospective [REDACTED] should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to invest in our [REDACTED]. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this document, the [REDACTED], and any formal announcements made by us in Hong Kong in relation to our [REDACTED].

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

In preparation for the [REDACTED], our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer’s executive directors must be ordinarily resident in Hong Kong.

Currently, all of our executive Directors reside in the PRC and for the foreseeable future will not be ordinarily resident in Hong Kong. Our Group’s business operations are primarily conducted in the PRC, our management headquarter, senior management and assets are primarily located in the PRC, and our management is best able to attend to its function by being based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong, or to appoint additional executive Directors solely for the purpose of satisfying Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to, among others, the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Dr. Ji, our executive Director, chairman of our Board, chief executive officer and general manager, and Ms. Zhang Jingjie (“**Ms. Zhang**”), our joint company secretary, chief financial officer and Board secretary, who will act as our Company’s principal channel of communication with the Stock Exchange. Although Dr. Ji and Ms. Zhang resides in the PRC, they possess valid travel documents and are able to renew such travel documents when they expire to travel to Hong Kong. Each of our 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, facsimile and/or email (where available). Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered on September 12, 2025 as a non-Hong Kong company under Part 16 of the Companies Ordinance and Ms. Ma Wing Yee (“**Ms. Ma**”), our joint company secretary who is an ordinarily resident in Hong Kong, has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;
- (b) both of our authorized representatives have means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our 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. Each of our Directors has provided his/her respective mobile phone numbers, office phone numbers, facsimile numbers and/or email addresses (where available) to our authorized representatives. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone. Each of our Directors and authorized representatives has provided his/her mobile phone numbers, office phone numbers, facsimile numbers and/or email addresses (where available) to the Stock Exchange;

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

- (c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Somerley Capital Limited as our compliance advisor (the “**Compliance Advisor**”), which shall have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and
- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the Compliance Advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide issued by the Stock Exchange, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

According to Chapter 3.10 of the Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the [REDACTED] (the “**Waiver Period**”) and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Ms. Zhang and Ms. Ma as our joint company secretaries. Ms. Zhang joined our Group as our chief financial officer and Board secretary in September 2023, and is primarily responsible for the overall supervision and management of financial and accounting affairs and company secretarial matters of our Group. Our Directors are of the view that, having regard to Ms. Zhang’s thorough understanding of the overall business operations and corporate governance matters of our Group, she is considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Ms. Zhang as a company secretary whose presence in the headquarters of our Group enables her to attend the day-to-day corporate secretarial matters of our Group and to take the necessary actions in an effective and efficient manner.

However, given that Ms. Zhang does not possess a qualification stipulated in Rule 3.28(1) of the Listing Rules nor the “relevant experience” set out in Rule 3.28(2) of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Ms. Zhang, we have appointed Ms. Ma, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to closely work with and provide support to Ms. Zhang during the Waiver Period so as to enable Ms. Zhang to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties as a company secretary of a [REDACTED] issuer.

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

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Zhang as our joint company secretary on the condition that Ms. Zhang will be assisted by Ms. Ma as our joint company secretary throughout the Waiver Period. Being an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and by virtue of her experience in corporate secretarial practice, Ms. Ma is, in our Directors’ opinion, a qualified and suitable person to render assistance to Ms. Zhang so as to enable her to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties. In addition, Ms. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the Waiver Period. Our Company will further ensure that Ms. Zhang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer [REDACTED] on the Stock Exchange.

Such waiver will be revoked immediately if and when Ms. Ma ceases to provide such assistance or our Company commits any material breaches of the Listing Rules during the Waiver Period. Before the expiry of such three-year period, we will liaise with the Stock Exchange to enable it to assess the then experience of Ms. Zhang, having had the benefit of Ms. Ma’s assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See “Directors, Supervisors and Senior Management” in this document for the biographical information of Ms. Zhang and Ms. Ma.

EXEMPTION FROM STRICT COMPLIANCE WITH 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

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.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our 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 our 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, our Company is required to include in the document a report prepared by our Company’s auditor with respect to the profits and losses and assets and liabilities of our 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.

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

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.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants’ Report set out in Appendix I to this document is prepared to cover the two financial years ended December 31, 2025.

As such, we [have applied] to the SFC for, and the SFC [has granted], a certificate of exemption from strict compliance with the requirements under 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 an accountants’ report covering the full three financial years immediately preceding the issue of this document on the following grounds:

- (a) we are a clinical-stage biotech company founded by a team of industrial experts in 2017, dedicated to researching and developing innovative therapies for autoimmune, metabolic and oncology diseases and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;
- (b) the Accountants’ Report for each of the two financial years ended December 31, 2025 has been prepared and is set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;
- (c) notwithstanding that the financial results set out in this document are only for the two years ended December 31, 2025 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements;
- (d) 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) 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 unduly burdensome for our Company; and
- (e) the Accountants’ Report covering the two financial years ended December 31, 2025, together with other disclosures in this document, has already provided adequate and reasonable up-to-date information for the [REDACTED] to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the investing public.

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

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
------	---------	-------------

Executive Directors

Dr. Ji Jianxin (姬建新)	Room 01, 2/F, Unit 3, Building 09 No. 8 Shenxianshu South Road High-tech Zone, Chengdu Sichuan Province PRC	Chinese
----------------------	---	---------

Mr. Yang Xiangyu (楊翔宇)	Room 806, Unit 1, Building 11 Shengfei TOWN City Shuangliu District, Chengdu Sichuan Province PRC	Chinese
------------------------	---	---------

Mr. Wu Zhen (吳振)	Room 1903, 19th Floor, Unit 1 Building 1, No. 998 Liangshui Road Kangdexinyuan, Wenjiang District Chengdu PRC	Chinese
------------------	---	---------

Ms. Zhang Yao (張瑤)	No. 11, Unit 1, Aijia Xincheng Residential Community 11 Yongsheng South Street Wuhou District Chengdu PRC	Chinese
--------------------	--	---------

Non-executive Directors

Ms. Geng Xueli (耿學莉)	No. 1 Qinghuayuan Faculty & Staff Family Residence (Building 1) Haidian District Beijing PRC	Chinese
----------------------	--	---------

Mr. Du Jiangbo (杜江波)	Room 202, No. 15, Lane 55 Guangzhou Road Yangpu District Shanghai PRC	Chinese
----------------------	--	---------

Mr. Wang Junfeng (王俊峰)	Room 502, Building 9, Yard 4 Laiguangying West Road Chaoyang District Beijing PRC	Chinese
------------------------	---	---------

Mr. Zhang Zhiyong (張志勇)	Room 7-3, Building 1 No. 28 Tianlongzhi Road Yubei District Chongqing PRC	Chinese
-------------------------	---	---------

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent non-executive Directors		
Wong Jovi Chi Wing (王志榮)	Flat A, 29/F, BLK 2 Scenecliff 33 Conduit Road Central Mid-Level Hong Kong	Chinese (Hong Kong)
Mr. Jiang He (姜和)	1-2-1102 Shanghai Garden No. 52 Zijing South Road Wuhou District, Chengdu Sichuan PRC	Canadian
Ms. Lin Fangzhu (林芳竹)	Room 5-401 No. 505 Kanghua Road Gaoxin District Chengdu Sichuan Province PRC	Chinese
Mr. Liu Zhe (劉哲)	Room 704, Building 11 Xibahe Beili Chaoyang District Beijing PRC	Chinese
SUPERVISORS		
Name	Address	Nationality
Mr. Tang Gaojia (唐高嘉)	Room 302, Unit 1, Building 9 Xuefu Xinglin Phase II No. 760 Longping Road Yongning Street Wenjiang District Chengdu PRC	Chinese
Ms. Wang Liqun (汪麗群)	Room 602, Unit 1, Building 11 Kangcheng Jiayuan Wenjiang District Chengdu PRC	Chinese
Ms. Guo Qi (郭琦)	Room 304, Unit 1, Building 20 Xinzhuang Community Wenjiang District, Chengdu City Sichuan Province PRC	Chinese

Please refer to the section headed “Directors, Supervisors and Senior Management” in this document for further details of our Directors and Supervisors.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

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

[REDACTED]

Legal advisors to our Company

As to Hong Kong and United States laws:
Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

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

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal advisors to the Sole Sponsor and the
[REDACTED]**

As to Hong Kong and United States laws:

Herbert Smith Freehills Kramer

23rd Floor, Gloucester Tower

15 Queen’s Road Central

Hong Kong

As to PRC laws:

Jingtian & Gongcheng

34th Floor, Tower 3

China Central Place

77 Jianguo Road

Chaoyang District

Beijing

PRC

Reporting Accountants and Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

35/F One Pacific Place

88 Queensway

Hong Kong

Industry Consultant

China Insights Consultancy

10/F, Building B, Jing’an International Center

No. 88 Puji Road

Jing’an District

Shanghai

PRC

[REDACTED]

CORPORATE INFORMATION

Headquarters and registered office in the PRC	No. 8, 4/F, Unit 4 (Block B1), Building 1 No. 18, North Section of Bayi Road Yongning Town Wenjiang District Chengdu 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 address	<u>www.hj3h.com</u> <i>(information on this website does not form part of this document)</i>
Joint Company Secretaries	Ms. Zhang Jingjie (張菁潔) Room 302, Building 2, Langshi Xihuaifu No. 777 Shengzhi Street High-tech Zone, Chengdu Sichuan Province PRC Ms. Ma Wing Yee <i>ACG (CS, CGP); HKACG (CS, CGP)</i> 40/F, Dah Sing Financial Centre 248 Queen’s Road East Wanchai Hong Kong
Authorized Representatives	Dr. Ji Jianxin (姬建新) Room 01, 2/F, Unit 3, Building 09 No. 8 Shengxianshu South Road High-tech Zone, Chengdu Sichuan Province PRC Ms. Zhang Jingjie (張菁潔) Room 302, Building 2, Langshi Xihuaifu No. 777 Shengzhi Street High-tech Zone, Chengdu Sichuan Province PRC
Audit Committee	Ms. Lin Fangzhu (林芳竹) (<i>Chairlady</i>) Mr. Jiang He (姜和) Mr. Liu Zhe (劉哲)
Remuneration and Appraisal Committee	Ms. Lin Fangzhu (林芳竹) (<i>Chairlady</i>) Dr. Ji Jianxin (姬建新) Mr. Jiang He (姜和)

CORPORATE INFORMATION

Nomination Committee

Dr. Ji Jianxin (姬建新) (*Chairman*)
Mr. Jiang He (姜和)
Ms. Lin Fangzhu (林芳竹)

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen’s Road Central
Hong Kong

[REDACTED]

Principal bank

**Industrial and Commercial Bank of China,
Ltd. Chengdu Wenjiang Branch**
No. 27, East Street, Liucheng Town
Wenjiang District, Chengdu
Sichuan Province
PRC

INDUSTRY OVERVIEW

Certain information and statistics set out in this section have been extracted from various official government publications, available sources from public market data providers and an Independent Third-Party source, China Insights Consultancy. The report prepared by China Insights Consultancy and cited in this document was commissioned by us. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. 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. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of their respective directors, employees, agents or advisers or any other person or party involved in the [REDACTED], and no representation is given as to its accuracy, fairness and completeness. For discussion of the risks relating to our industry, see “Risk Factors” in this document.

THE TYK2 DRUG MARKET

Atopic Dermatitis (AD)

Overview

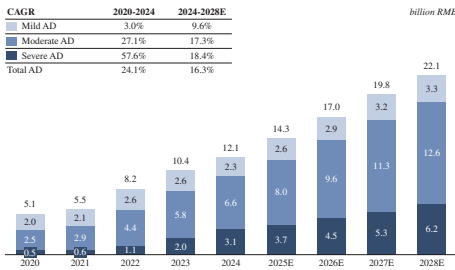
AD is a widespread skin condition in China and globally. It causes dry, itchy, and inflamed skin and often starts in young children. AD is a chronic, relapsing condition characterized by flare-ups that require more intensive treatment. These symptoms can lower patients’ quality of life and lead to psychological problems.

Prevalence and Market Size of AD in China

In China, the prevalence of AD has shown a slight increase over the past decade, attributed to changes in lifestyle and environmental factors, and is estimated at over 10% among children and approximately 6% among adults. In China, about 73% of AD cases are mild (SCORAD 0-24), roughly 25% are moderate (SCORAD 25-50) and around 2% are severe (SCORAD > 50). Mild-to-moderate AD accounts for approximately 98% of total AD cases, corresponding to approximately 53.4 million patients in 2020, 53.5 million patients in 2024, and 53.7 million patients in 2028 in China, in which adults account for more than 50%, while adolescents represent over 15% of the patient population. Notably, the prevalence among children aged 1 to 7 years is more than five times that observed in infants (0 to 1 year).

In 2024, mild, moderate and severe AD represented approximately 19%, 55% and 26%, respectively, of the AD drug market in China. From 2020 to 2024, market growth was mainly driven by moderate and severe AD, primarily due to the approval and increasing adoption of biologics and JAK inhibitors for patients requiring systemic treatment. From 2024 to 2028, moderate and severe AD are expected to remain the key growth segments, driven by continued treatment escalation and increasing penetration of systemic therapies. The following chart illustrates the historical and projected growth of the market size of AD drugs in China:

Market size of AD drug market in China, 2020-2028E



Source: Chin J Dermatol, CIC

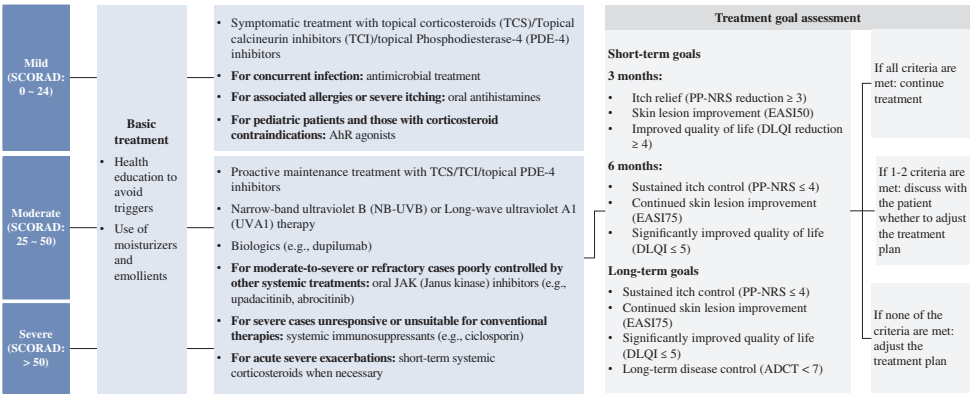
INDUSTRY OVERVIEW

The AD treatment drug market in China has experienced rapid growth historically, with a CAGR of about 24.1% from 2020 to 2024, expanding from approximately RMB5.1 billion in 2020 to RMB12.1 billion by 2024. The market is currently characterized by a lack of highly specific drugs and insufficient efficacy in existing treatments, leading to a relatively stable but unmet clinical demand landscape. Looking forward, the momentum driving growth includes the emergence of innovative drug targets such as TYK2 inhibitors and IL-4/13 blockers, the development of new formulations and targeted delivery systems, and improving healthcare infrastructure and disease awareness. These factors, combined with increasing patient diagnosis and access to biologics, are expected to foster accelerated market expansion. The market is projected to grow at a CAGR of 16.3% from 2024 to 2028, reaching approximately RMB22.1 billion by 2028, signaling robust future opportunities in China’s AD drug sector.

Traditional and Innovative Targeted Therapies

The following chart illustrates the treatment pathways for AD in China:

Treatment pathways of AD



Notes: PP-NRS: peak pruritus numerical rating scale; EASI: eczema area and severity index; DLQI: dermatology life quality index; ADCT: atopic dermatitis control tool.

Source: Expert consensus on the application and management of therapeutic drugs for atopic dermatitis (2024), Expert consensus on topical treatment and management of atopic dermatitis (2025), Chin J Dermatol, CIC

Treatment options generally vary by disease severity. Mild AD is primarily managed with basic skin care, moisturizers and topical prescription therapies, including low- to medium-potency topical corticosteroids and topical calcineurin inhibitors, while topical PDE-4 inhibitors, such as crisaborole, may be considered for patients inadequately controlled by conventional topical treatments. Patients in this segment generally place greater emphasis on convenience, tolerability, safety and affordability. Moderate AD is treated with a broader range of topical therapies, including medium- to high-potency topical corticosteroids and topical calcineurin inhibitors, and, for patients with inadequate disease control, recurrent flares or material impact on quality of life, systemic or targeted therapies such as biologics and JAK inhibitors may be considered. Severe AD generally requires systemic disease control, with higher use of biologics, JAK inhibitors, conventional systemic immunosuppressants and, in selected cases, short-term systemic corticosteroids. Physicians and patients in moderate-to-severe AD generally place greater emphasis on efficacy, rapid itch relief, durability of response and quality-of-life improvement. In addition, AhR agonists can be used to treat mild-to-moderate atopic dermatitis in adults and children aged 2 years and older, offering a safer treatment option for pediatric patients and those with contraindications to corticosteroids.

In clinical practice, physician prescribing patterns further reflect the above severity-based approach. For topical therapies, TCIs and TCS remain the most commonly selected topical agents among Chinese dermatologists, selected by 81.40% and 79.84% of respondents, respectively, while PDE-4 inhibitors were selected by 18.25%. For moderate-to-severe AD, commonly selected systemic treatments in Chinese

INDUSTRY OVERVIEW

physician surveys include compound glycyrrhizin, systemic corticosteroids and biologics, selected by 66.78%, 48.85% and 47.79% of dermatologists, respectively. From the patient perspective, preference studies suggest that patients generally prefer less invasive and more convenient modalities, with topical therapies preferred over oral therapies and oral therapies preferred over injectable therapies. This preference is partly attributable to the clinical and practical advantages of topical therapies, which enable localized, high-concentration treatment with limited systemic exposure and a favorable safety profile relative to systemic therapies. However, topical therapies may still be associated with local skin reactions and adherence challenges due to frequent and prolonged application. Among topical formulations, ointments may be preferred over creams in certain studies.

In recent years, significant advances in understanding AD’s underlying mechanisms have facilitated the emergence of biologics and small molecule inhibitors, offering more targeted and more effective treatment options. JAK inhibitors represent a key targeted therapy class for the treatment of AD, particularly for patients with moderate-to-severe disease who require systemic disease control. JAK inhibitors block JAK/STAT signaling, which regulates multiple immune pathways implicated in AD, as well as epidermal barrier function and pruritus-related neuronal signaling, offering a targeted approach to AD management. Compared with broader JAK inhibitors that carry black box warnings, TYK2 inhibitors more selectively target immune pathways while largely sparing those involved in hematopoiesis and metabolism, which may reduce severe side effects. Their improved safety profile and oral or potential topical formulations may make them more suitable for pediatric and long-term use.

As of the Latest Practicable Date, there has been no TYK2 inhibitors approved in China to treat AD. The treatments of AD include corticosteroids, JAK inhibitors, aryl hydrocarbon receptor (AhR) agonists, monoclonal antibodies, calcineurin, and PDE-4 inhibitors, with a targeting patient group reaching 54.6 million in China in 2024. The following chart illustrates number of approved drugs in China and globally and treatment comparisons for AD as of the Latest Practicable Date:

Number of approved drugs and treatment comparisons in AD, as of the Latest Practicable Date

MoA	No. of approved drugs in China	No. of approved drugs globally	Representative drugs	Company	Target	2025 NRDL	Approval in China	Approval in U.S.	Advantages	Limitations
Corticosteroids	6	4	Meprednisone Brand names vary by manufacturer	/	GR	Yes	Yes	Yes	<ul style="list-style-type: none"> Rapid relief of inflammation and itching Well-established topical use Widely experienced clinical use 	<ul style="list-style-type: none"> Long-term use risks skin thinning, pigment changes, dependence Non-specific immune suppression Relapse risk Caution in children
JAK inhibitors	3	4	Abrocitinib Cibinge®/希必可®	Pfizer	JAK1	Yes	Yes	Yes	<ul style="list-style-type: none"> Oral or topical forms Fast onset 	<ul style="list-style-type: none"> Black-box warning of pan-JAK inhibitors Side effects including headache, nausea, higher infection risk, potential cardiovascular events
			Upadacitinib Rinvoq®/瑞福®	AbbVie	JAK1	Yes	Yes	Yes	<ul style="list-style-type: none"> Block multiple inflammatory signaling pathways 	
			Ratocitinib Opzelura®/欧普泽®	CMS/Incyte	JAK1, 2	-	No	Yes	<ul style="list-style-type: none"> Effective for refractory cases 	
			Ivamacitinib 艾速速®	Hengrui	JAK1	Yes	Yes	No		
AhR agonists	1	1	Benvitimid Viuma®/泽立美®	Jumpcan/Thoderna	AHR	No	Yes	Yes	<ul style="list-style-type: none"> Modulates skin barrier and immune response Reduces inflammation and itch 	<ul style="list-style-type: none"> Efficacy and safety need further validation
Monoclonal antibodies	2	4	Stapokibart 康悦达®	Keymed	IL-4Ra	Yes	Yes	No	<ul style="list-style-type: none"> Target specific inflammatory pathways (e.g., dupilumab targets IL-4/IL-13) Significant efficacy 	<ul style="list-style-type: none"> Injection-related inconvenience High cost Not all patients achieve complete remission Side effects like conjunctivitis
			Dupilumab Dupixent®/迪普安妥®	Sanofi	IL-4Ra	Yes	Yes	Yes		
PDE-4 inhibitors	1	3	Crisaborole Eucrisa®/舒坦明®	Pfizer	PDE-4	Yes	Yes	Yes	<ul style="list-style-type: none"> Suitable for mild to moderate cases 	<ul style="list-style-type: none"> Less effective than JAK inhibitors May cause gastrointestinal discomfort
Calcineurin	3	4	Tacrolimus Protopic®/普特皮®	Leo Pharma	Calcineurin/ FKBP12	Yes	Yes	Yes	<ul style="list-style-type: none"> Steroid-sparing anti-inflammatory therapy Suitable for sensitive skin areas 	<ul style="list-style-type: none"> Local burning or irritation at application site Black-box warning on long-term malignancy risk
			Pimecrolimus Elidel®/爱里得®	Viartis Healthcare	Calcineurin/ FKBP12	Yes	Yes	Yes		
			Ciclosporin Neoral®/新山地明®	Novartis	Calcineurin/ Cyclophilin	Yes	Yes	Yes		

Note:

- Conventional immunosuppressants, such as methotrexate and azathioprine, may be used off-label or referenced in clinical guidelines for selected moderate-to-severe AD patients, but are not included in the approved-drug count in the table as they are not approved specifically for AD.

Source: NMPA, FDA, EMA, PMDA, CIC

INDUSTRY OVERVIEW

Competitive Landscape of Targeted Drugs for AD

The following table summarizes all targeted drugs approved by the NMPA in China for the treatment of AD as of the Latest Practicable Date. In contrast, no topical TYK2 inhibitors had been approved or marketed in China or globally as of the Latest Practicable Date:

NMPA approved targeted drugs with the indication of AD

Drug name	Brand name	Targets	Admin.	Company	Approval date	Approved indications	NRDL first-included year	Price in 2025 (RMB)
Crisaborole	Eucrisa®/舒坦明®	PDE-4	Topical	Pfizer	2020/7/29	• Mid-mod AD in infants aged 2 years and older	2021	~160/unit (30g)
					2023/8/1	• Mid-mod AD in infants aged 3 months and older		
Upadacitinib	Rinvoq®/瑞福®	JAK1	Oral	AbbVie	2022/2/18	• Refractory mod-severe AD in adults and adolescents aged 12 years and older	2022	~1,830/unit (15mg*28)
Abrocitinib	Cibinqo®/希必可®	JAK1	Oral	Pfizer	2022/4/8	• Refractory mod-severe AD in adults	2022	~950/unit (100mg*14)
					2024/2/23	• Refractory mod-severe AD in adolescents aged 12 years and older		
Dupilumab	Dupixent®/达必妥®	IL-4Ra	Injection	Sanofi	2020/6/17	• Mod-severe AD in adults	2020	~1,510/unit (300mg)
					2021/9/7	• Mod-severe AD in adolescents aged 12 years and older		
					2022/2/18	• Mod-severe AD in children aged 6 years and older		
					2023/5/26	• Mod-severe AD in children and infants aged 6 months to 5 years		
Stapokihart	康悦达®	IL-4Ra	Injection	KeyMed	2024/9/10	• Mod-severe AD in adult patients	2025	~1,039/unit (300mg)
Benvitimod	Vtuma®/泽立美®	AhR	Topical	Jumpcan/TheDerma	2024/11/22	• Mild to moderate AD in patients aged 2 years and older	-	360/unit (15g)
Ivarmactinib	艾達達®	JAK1	Oral	Hengrui	2025/4/1	• Mod-severe AD in adult patients	2025	~1,906/unit (4mg × 28)

Notes: PDE-4: phosphodiesterase-4; AhR: aryl hydrocarbon receptor.

Source: NMPA, FDA, EMA, PMDA, CIC

The following table summarizes TYK2 or JAK inhibitor drug candidates registered with the CDE for the treatment of AD as of the Latest Practicable Date:

Pipelines of TYK2 or JAK targeted drug registered in CDE in AD treatment

Drug Name	Target	Formulation	Indication	Company	Phase	First Posted Date	Trial Number
Ivarmactinib	JAK1	Topical	Mild-mod AD in adults	Hengrui	NDA	2025/2/15	-
Pumectinib (PG-011)	JAK1, 2	Topical	Mild-mod AD in teenagers and adults	Beijing Primegene	NDA	2026/2/11	-
Ruxolitinib Cream	JAK1, 2	Topical	Mild-mod AD in teenagers and adults	Incyte/China Medical System	NDA	2026/2/25	-
Tofacitinib (MH004)	JAK1, 2	Topical	Mild-mod AD in teenagers and adults	Minghui	NDA	2026/4/3	-
Zemproctinib (LNK01001)	JAK1	Oral	Mod-severe AD in adults	Lynk Pharmaceuticals	NDA	2026/4/8	-
Gecacitinib	JAK1, 2, 3/TYK2/ALK2	Oral	Mod-severe AD in adults	Zelgen	III	2022/6/21	CTR20221417
Soficitinib (ICP-312)	TYK2	Oral	Mod-severe AD in adults	Innocare Pharma	III	2024/8/26	CTR20243202
VC005	JAK1	Oral	Moderate to AD in adults	Jiangsu Vcare	III	2024/12/13	CTR20244630
Abrocitinib	JAK1	Oral	Mod-severe AD in aged 6 to 12 year old children	Pfizer	III	2025/10/14	CTR20253946
QY201	JAK1/TYK2	Oral	Mod-severe AD in adults	E-Nitiate	III	2025/2/7	CTR20244696
QLM3003	JAK1, 2, 3	Topical	Mild-mod AD in adults	Qitu	III	2025/3/31	CTR20250987
LW402	JAK1	Oral	Mild-mod AD in adults	Shanghai Longwood	III	2026/1/27	CTR20260288
VC005	JAK1	Topical	Mild-mod AD in teenagers and adults	Jiangsu Vcare	III	2026/4/23	CTR20261540
MDI-1228	JAK	Topical	Mild-mod AD in adults	Rui-Inno Pharma	II	2023/9/27	CTR20233049
JYP0061	JAK1	Oral	Mod-severe AD in adults	Guangzhou Jiayue	II	2023/11/9	CTR20233559
TUL01101	JAK1	Oral	Mod-severe AD in adults	Zuhai United	II	2023/11/13	CTR20233576
TUL01101	JAK1	Topical	Mild-mod AD in adults	Zuhai United	II	2024/3/13	CTR20240878
HJ787	TYK2	Topical	Mild-mod AD in adults	HJ Science	II	2024/7/29	CTR20242529
WXFL10203614	JAK1	Oral	Mod-severe AD in adults	Wuxi Fortune	II	2024/8/14	CTR20242982
ZL-82	JAK3	Oral	Mod-severe AD in adults	Guizhou Bailing Group	II	2025/4/30	CTR20251409
LNK01004	JAK	Topical	AD	Lynk Pharmaceuticals	II	2025/2/10	CTR20250432
H018	JAK1	Topical	AD	Jiangsu Carephar	II	2025/8/4	CTR20253018
CMS-D001	TYK2	Oral	Mod-severe AD in adults	Hainan Dermavon	II	2026/1/19	CTR20260084
HL-300	JAK1, 2/TYK2	Topical	Mild-mod AD in adults	Highlight Pharma	Ib/Ii	2026/4/28	CTR20261611
QY211	JAK1/TYK2	Topical	Mild-mod AD in adults	E-Nitiate	I	2023/2/15	CTR20230357
Giroctinib (TLI-018)	JAK1/TYK2	Oral	AD	Highlight Pharma	I	2023/7/7	CTR20231983

Note:

- (1) The “First Posted Date” reflects the initial posting date on the CDE website for clinical-stage pipelines and the NMPA acceptance date for NDA-stage pipelines.

Source: CDE, CIC

INDUSTRY OVERVIEW

Market Drivers and Future Trends of Targeted Drugs for AD in China

- TYK2 inhibitors are an important emerging option for AD treatment. Their greater selectivity may offer an improved safety profile while modulating multiple inflammatory pathways involved in AD, making them a promising option for long-term disease control. Their potential to modulate multiple key inflammatory pathways involved in AD, while minimizing systemic immunosuppression, makes them a promising therapeutic option, especially for long-term disease control and patients at higher risk from broader JAK inhibition. Topical TYK2 formulations in development may further expand treatment options with minimal systemic exposure.
- Pediatric and chronic disease management. Children account for a large share of AD patients, and early onset and recurrent symptoms drive demand for safer and more effective long-term treatments than traditional corticosteroids. As AD is increasingly recognized as a chronic condition linked with other allergic and immune diseases, more integrated and targeted long-term management is needed.

Acne Vulgaris (AV)

Overview

AV is a chronic inflammatory disorder that affects the hair and oil glands, often lasting a long time. It commonly starts during adolescence, triggered by Cutibacterium acnes, a type of bacteria, and influenced by levels of dehydroepiandrosterone in the body. While AV is not life-threatening, it can cause scarring, irritation, and significant psychological effects. The introduction of new medications aimed at more effectively managing inflammation, excessive oil production, and microbial imbalance is anticipated to transform the current treatment paradigm. In China, approximately 68%, 26% and 6% of patients were classified as having mild, moderate and severe AV, respectively.

Prevalence and Market Size of AV in China

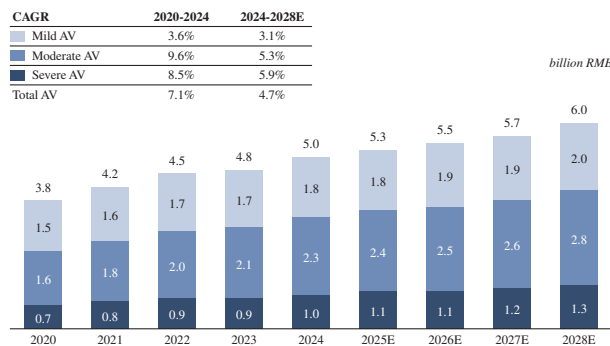
Mild-to-moderate AV accounts for approximately 94% of total AV cases, corresponding to approximately 111.2 million, 113.9 million and 117.7 million patients in 2020, 2024 and 2028, respectively.

In China, the AV drug market can be segmented into mild, moderate and severe AV markets, which represented approximately 35%, 45% and 20%, respectively, of the overall AV drug market in 2024. Moderate AV represented the largest segment, primarily due to its sizable patient base and higher rates of physician visits and prescription drug use. The AV market structure has remained relatively stable historically and is expected to remain broadly stable going forward, while moderate and severe AV are expected to grow slightly faster, mainly driven by higher treatment intensity and the potential adoption of newer topical and systemic therapies.

INDUSTRY OVERVIEW

The following chart illustrates the historical and projected market size of AV drugs in China:

Market size of AV drug in China, 2020-2028E



Source: Acta Derm Venereol, CIC

China’s AV drug market has grown steadily, expanding from roughly RMB3.8 billion in 2020 to RMB5.0 billion in 2024, representing a CAGR of 7.1%. The market remains anchored in traditional, non-specific therapies such as antibiotics and retinoids, options constrained by limited efficacy, notable skin irritation and mounting antibiotic resistance, which keeps the market relatively stable yet underserved. Looking ahead, momentum is expected to shift as novel mechanisms (notably TYK2 inhibitors), improved topical formulations with advanced delivery systems, and rising disease awareness and diagnosis rates begin to reshape treatment patterns. Together, these factors are projected to support a more moderate 4.7% CAGR from 2024 to 2028, sustaining growth while broadening clinical and commercial opportunities in China’s acne treatment landscape.

Treatment Pathways

Treatment options generally vary by disease severity. Mild AV is primarily managed with topical therapies, including topical retinoids, benzoyl peroxide, azelaic acid and other topical agents, with patients generally placing greater emphasis on convenience, tolerability, safety and affordability. Moderate AV is commonly treated with combination topical therapies and, for patients with more inflammatory lesions or inadequate disease control, oral antibiotics or oral isotretinoin may be considered. Severe AV generally requires systemic treatment, including oral isotretinoin as a key option and topical therapies as adjunctive treatment, with systemic glucocorticoids available for short-term rapid control. Physicians and patients in moderate-to-severe AV generally place greater emphasis on efficacy, onset of action, relapse prevention, long-term disease control and improvement in acne-related scarring and quality of life. In addition, for female patients, androgen receptor antagonists can also be considered as one of the systemic treatment options.

In clinical practice, physician prescribing patterns generally follow a step-care approach. Topical therapy remains a core component of AV treatment, with 97% of surveyed Chinese dermatologists incorporating topical agents into their regimens. Among these, topical retinoids, such as adapalene, and oxidizing agents, such as benzoyl peroxide, are commonly used options. From the patient perspective, current treatment experience highlights significant unmet needs. Survey data show that 62.9% of patients discontinued topical medication within one month, primarily due to perceived slow onset of action. This gap between the broad clinical use of topical therapies and patient adherence challenges indicates continued demand for next-generation topical agents with improved efficacy, faster onset and better tolerability.

INDUSTRY OVERVIEW

The following chart illustrates treatment pathways of AV:

Treatment pathways of acne vulgaris

Acne severity	Manifestation	Level I recommendation	Level II recommendation	Not recommended	Women's choice	Maintenance therapy
Mild	Comedones	<ul style="list-style-type: none">Topical retinoid	<ul style="list-style-type: none">Benzoyl peroxideSalicylic acidComedone extractionAlpha hydroxy acidTraditional Chinese medicine	<ul style="list-style-type: none">Oral and topical antibiotics	/	<ul style="list-style-type: none">Topical retinoid ± Benzoyl peroxide
Moderate	Papules/pustules	<ul style="list-style-type: none">Topical retinoid + Benzoyl peroxide/Topical antibiotic ± Oral antibioticBenzoyl peroxide + Topical antibiotic	<ul style="list-style-type: none">Oral antibiotic + Topical retinoid ± Benzoyl peroxide/Topical antibioticOral isotretinoin monotherapyBlue ± red lightPhotodynamic therapyLaserAlpha hydroxy acidTraditional Chinese medicine	<ul style="list-style-type: none">Single systemic therapySingle topical therapy	<ul style="list-style-type: none">Oral antiandrogen drugs	<ul style="list-style-type: none">Topical retinoid ± Benzoyl peroxide
Severe	Cysts, nodules	<ul style="list-style-type: none">Oral isotretinoin monotherapy+ Benzoyl peroxide/Topical antibioticOral antibiotic + Benzoyl peroxide/Topical antibiotic followed by oral isotretinoin	<ul style="list-style-type: none">Oral antibiotic + Topical retinoid ± Benzoyl peroxidePhotodynamic therapySystemic glucocorticoidsTraditional Chinese medicine	<ul style="list-style-type: none">Single topical therapyOral antibiotic monotherapy	<ul style="list-style-type: none">Oral antiandrogen drugs	<ul style="list-style-type: none">Topical retinoid ± Benzoyl peroxide

Source: Chinese Guidelines for the Management of Acne Vulgaris (2024), CIC

As of the Latest Practicable Date, no TYK2 inhibitors had been approved for the treatment of AV in China. The treatments of AV include retinoids, corticosteroids and hormones, and antibiotics and antimicrobials, with a targeting patient group reaching 121.2 million in China in 2024. The following chart illustrates number of approved drugs in China and globally and treatment comparisons for AV as of the Latest Practicable Date:

Number of approved drugs and treatment comparisons in AV, as of the Latest Practicable Date

MoA	No. of approved drugs in China	No. of approved drugs globally	Representative drugs	Company	Target	2025 NRDL	Approval in China	Approval in the U.S.	Advantages	Limitations
Retinoids	3	10	Adapalene Differin®/達芙文®	Galderma	RAR-β/ RAR-γ	Yes	Yes	Yes	<ul style="list-style-type: none">Normalize follicular hyperkeratinization and block inflammatory pathwaysEffective for both comedonal and inflammatory acneEnhances penetration of other topical agents	<ul style="list-style-type: none">Skin irritation, dryness, peeling, photosensitivityTherapeutic effect may take weeks to monthsSome variability in tolerability among different retinoids
			Tretinoin Retin-A®	J&J	RAR-α/ RAR-β/ RAR-γ	Yes	No ¹	Yes		
			Trifarotene Akliel®	Galderma SA	RAR-γ	–	No	Yes		
Corticosteroids and hormones	4	4	Drospirenone + Ethinylloestradiol Yaz®/優思明®	Bayer	anti-androgenic	No	No	Yes	<ul style="list-style-type: none">Oral corticosteroids useful for short-term flare control, especially with isotretinoinIntralesional corticosteroids effective for painful inflammatory cystsHormonal agents regulate androgen-driven acne	<ul style="list-style-type: none">Systemic corticosteroids have risks of side effects; not for long-term useHormonal agents take weeks to months for effect; not suitable for all patients
Antibiotics and antimicrobials	2	2	Erythromycin 紅霉素 (Brand name varies)	–	50S ribosomal inhibitor	Yes	Yes	Yes	<ul style="list-style-type: none">Reduce C. acnes bacterial colonization; anti-inflammatory propertiesOften used in combination with benzoyl peroxide to enhance efficacyOral antibiotics effective for moderate to severe inflammatory acne	<ul style="list-style-type: none">Risk of antimicrobial resistance, especially with prolonged or monotherapy useSide effects include gastrointestinal upset, yeast infections, allergic reactions
			Clindamycin 克林霉素 (Brand name varies)	–	50S ribosomal inhibitor	Yes	Yes	Yes		
Oxidizing agent	1	1	Benzoyl peroxide Benzac®/班赛®	Galderma	–	Yes	Yes	Yes	<ul style="list-style-type: none">Rapidly reduces C. acnes colonization through oxidative antibacterial activityNo known risk of bacterial resistanceMild comedolytic and anti-inflammatory effects	<ul style="list-style-type: none">Commonly causes dryness, irritation, peeling, burning or stingingLocal tolerability may limit adherence, especially in sensitive skin
Androgen receptor antagonists	0	1	Clascoterone Winlevi®	Cosmo Pharma	AR	–	No	Yes	<ul style="list-style-type: none">Targets androgen signaling locally in the skinReduces sebum production and inflammation without systemic hormonal therapy	<ul style="list-style-type: none">Local application-site reactions may occur, such as erythema, dryness or irritationClinical effect may take several weeks to become apparent

Notes: RAR: retinoic acid receptor;

- (1) Only generic drugs of Tretinoin was approved by NMPA for AV treatment in China
- (2) The approval number is not readily estimable, as certain agents are used based on guidelines or established clinical practice rather than indication-specific approvals

Source: NMPA, FDA, EMA, PMDA, CIC

INDUSTRY OVERVIEW

Competitive Landscape of Targeted Drugs for AV

The table below sets forth details of drug candidates registered with the CDE for AV as of the Latest Practicable Date:

Clinical phase pipelines for AV treatment in China, CDE-registered, as of the Latest Practicable Date

Drug Name	Target	Formulation	Indication	Company	Phase	First Posted Date ¹	Trial Number
Denifanstat	FASN	Oral	Mod-severe AV	Asclepis Pharma	NDA	2025-12-04	-
Tazarotene	RARβ/RAR-γ/50S ribosomal sub-unit	Topical	Mod AV	Sanjiu	NDA	2026-01-10	-
Clindamycin Cream ²		Topical	AV	Cosmo/3SBio	III	2024-04-09	CTR20241222
Clascoterone	AR	Topical	AV	Galderma SA	III	2025-06-25	CTR20252487
Trifarotene	RAR-γ	Topical	AV	Galderma SA	III	2025-06-25	CTR20252487
5-ALA	Photosensitizer ⁴	Oral	Mod-severe AV	Fudan Zhongjiang	II	2021-12-10	CTR20212082
GT20029	AR	Topical	AV	Suzhou Kintor	II	2024-03-22	CTR20240799
Pyrlutamide	AR	Topical	Mod-severe AV	Suzhou Kaixi	II	2024-06-04	CTR20241858
HJ787	TYK2	Topical	AV	Our company	II	2025-02-25	CTR20250633
KR230109	RAR-γ	Topical	AV	Jiangxi kerui	II	2025-12-23	CTR20255054
WSK-V108E ³	Virulence factors ⁴	Injection	Mild-mod AV	WestVac	I	2025-12-05	CTR20254829
PD-DP-008	Antimicrobial peptide ⁴	Topical	Mild-mod AV	Human Judian	I	2025-02-14	CTR20250456
ITR2202	-	Topical	AV	SoliPharma	I	2024-11-05	CTR20244126

Notes: RAR: retinoic acid receptor; FASN: fatty acid synthase; AR: androgen receptor; CAMP toxins: Christie—Atkins—Munch-Petersen toxins;

- (1) The “First Posted Date” reflects the initial posting date on the CDE website for clinical-stage pipelines and the NMPA acceptance date for NDA-stage pipelines.
- (2) Fix-dose combination.
- (3) Vaccine for AV.
- (4) For WSK-V108E, PD-DP-008 and 5-ALA, “target” refers to the target pathogen, bacterial structure, virulence factor or therapeutic mechanism rather than a conventional human molecular target.

Source: CDE, CIC

Market Drivers and Future Trends of Targeted Drugs for AV in China

- **Increasing demand for topical therapies with improved tolerability and no resistance concerns.** Topical therapies remain the cornerstone of AV treatment in China, particularly for mild-to-moderate AV and as adjunctive options for more severe disease. While antibiotics, retinoids and hormonal therapies are widely used, they may be associated with limitations such as antibiotic resistance concerns, local irritation, recurrence and adherence challenges. As a result, new locally acting topical therapies with anti-inflammatory effects, low irritation risk, convenient dosing and no risk of inducing antibiotic resistance are expected to gain increasing clinical relevance.
- **Growing diagnosis, treatment awareness and aesthetic demand.** Increasing awareness of AV as a chronic inflammatory skin disease, together with rising demand for appearance-related care, is expected to expand the treated population and support earlier and more standardized treatment. This trend may be particularly relevant among adolescents and young adults, where treatment willingness is influenced by acne severity, recurrence, scarring risk and quality-of-life impact.

INDUSTRY OVERVIEW

Neurodermatitis (ND)

Overview

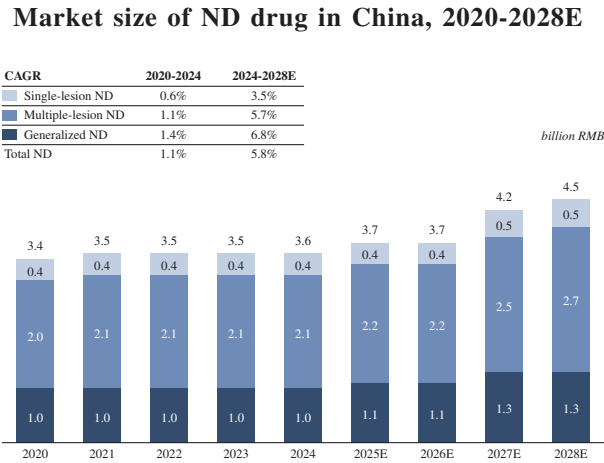
ND, also known as lichen simplex chronicus, is a common chronic inflammatory skin disease associated with skin neurofunctional disorders, affecting up to 12.0% of the total population. The disease is characterized by lichenified plaque as a result of excessive scratching. Neck, elbow, ankles, vulva, eyelid even faces are the most common affected sites. Although ND is not life-threatening, it can produce a psychosocial burden. ND is generally classified based on lesion distribution and disease extent. In China, approximately 18%, 63% and 19% of ND patients had single-lesion, multiple-lesion and generalized disease, respectively.

Prevalence and Market Size of ND in China

In China, the prevalence of ND increased from 159.8 million in 2020 to 164.1 million in 2024, and is estimated to increase to approximately 166.9 million by 2028.

From 2020 to 2024, the ND market remained largely stable, growing at a CAGR of 1.1% and reaching approximately RMB3.6 billion in 2024, mainly supported by traditional local and symptomatic therapies, including topical corticosteroids, antihistamines, sedatives and approved topical non-steroidal anti-inflammatory drugs (NSAIDs), for local inflammation control, itch relief and itch-scratch cycle management. In 2024, single-lesion, multiple-lesion and generalized ND represented approximately 12%, 60% and 29%, respectively, of the ND drug market in China. From 2024 to 2028, market growth is expected to accelerate at a CAGR of 5.8%, reaching approximately RMB4.5 billion by 2028, with multiple-lesion and generalized ND expected to remain the key growth contributors, driven by broader lesion distribution, higher treatment needs and the potential adoption of more effective and novel treatment options.

The following chart illustrates the historical and projected growth of the market size of ND drugs in China:



Source: Acta Derm Venereol, Guideline for Primary Care of ND, CIC

Treatment Pathways

Treatment options for ND focus on relieving pruritus, avoiding scratching, controlling local inflammation and breaking the itch-scratch cycle. Treatment is generally selected based on lesion distribution, disease extent, lesion type and location, degree of lichenification, pruritus burden and associated neuropsychological symptoms. Local drug therapy remains the mainstay of treatment, with topical corticosteroids generally used as the preferred local treatment option for localized ND. Occlusive

INDUSTRY OVERVIEW

therapy may be used for severe or stubborn lesions to increase skin moisture and enhance topical drug absorption. For patients whose symptoms are not adequately controlled by topical corticosteroids alone, antihistamines may be used in combination for itch relief, anti-inflammatory, immunomodulatory and sedative effects. Sedatives may also be considered for patients with significant anxiety, insomnia or other neuropsychological symptoms to help reduce the vicious cycle of negative emotions and worsening pruritus. Physical therapies, such as NB-UVB, fractional CO2 laser, ultrasonic drug delivery and focused ultrasound, may be used for stubborn lesions where appropriate. Given the limited number of established ND treatment options, physicians generally select treatment based on clinical guidelines and patient-specific disease features.

Treatment Pathway for ND

PRINCIPLE: Relieve Itching and Avoid Scratching		
Local Therapy ¹	Systemic Therapy	Other Therapy
<ul style="list-style-type: none">Topical Corticosteroids: Strongly anti-inflammatory, immunomodulatory, and anti-allergic effects, preferred treatment for localized neurodermatitis (e.g., mometasone furoate); the appropriate formulation can be selected according to the type and location of the lesionsOcclusive Therapy: Increases skin moisture, enhances drug absorption, for severe cases	<ul style="list-style-type: none">Antihistamines: Anti-itch, anti-inflammatory, immunomodulatory, and sedative effects, for patients who cannot be controlled by topical anti-inflammatory drugs such as topical glucocorticoids alone, and used in combination with topical medicationsSedatives: Relieve anxiety, break the “negative emotions – worsening itchiness” cycle	<ul style="list-style-type: none">Physical Therapy<ul style="list-style-type: none">NB-UVBfractional CO2 laserUltrasonic introducerFocused ultrasoundTraditional Chinese Medicine Therapy<ul style="list-style-type: none">Acupuncture

Note:

- (1) Ethoxybenzamide ointment has ND listed as an indication in its China package insert, but is not specifically listed in the 2023 Chinese primary care guideline for ND and is therefore not separately presented in the treatment pathway above.

Source: Chinese Guidelines for Primary Care Diagnosis and Treatment of Neurodermatitis (2023), Acta Derm Venereol, Guideline for Primary Care of ND, CIC

The treatment pathway above includes both ND-specific therapies and therapies used for the management of ND-related symptoms, such as pruritus, local inflammation, anxiety and insomnia. Some of these therapies may not be specifically approved for ND as an indication, while the approved novel drug comparison below focuses on drugs with ND-specific approval status. As of the Latest Practicable Date, no TYK2 inhibitors had been approved for the treatment of ND in China. ND-specific approved treatment options in China include corticosteroids and NSAIDs, with a targeting patient group reaching 164.1 million in China in 2024. The following chart illustrates number of approved drugs in China and globally and treatment comparisons for ND as of the Latest Practicable Date:

Number of approved drugs and treatment comparisons in ND, as of the Latest Practicable Date¹

MoA	No. of approved drugs in China	No. of approved drugs globally	Representative drugs	Company	Target	NRDL	Approval in China	Approval in U.S.	Advantages	Limitations
Corticosteroids	1	2	Mometasone Elocon® 艾洛松®	Bayer	GR	Yes	Yes	No	• Effectively reduce inflammation, itching, and skin thickening; widely used as preferred topical treatment • Improve symptoms quickly	• Prolonged use can cause skin thinning, secondary infections, hypersensitivity • Systemic side effects possible with oral corticosteroids • Require careful monitoring and limited duration of use
			Methylprednisolone acetate Depo-Medrol®	Pfizer	GR/ ANXA1	-	No	Yes		
NSAID	1	0	Etofenamate Ointment 艾迪特®	Xinhua Pharma	/	No	Yes	No	• Reduce pro-inflammatory cytokines and immune activation • Control itch and inflammation with fewer side effects than systemic steroids • Useful as adjunct or alternative treatment	• Cause sedation and anticholinergic effects • Require consistent application and patient compliance

Notes: GR: glucocorticoid receptor; ANXA1: annexin A1; NSAID: non-steroidal anti-inflammatory drug

- (1) Antihistamines and sedatives are included as adjunctive therapies for ND-related pruritus, sleep disturbance and anxiety, but are not separately presented in the approved drug comparison table as they are used mainly for symptom control rather than as ND-specific approved therapies

Source: NMPA, FDA, EMA, PMDA, CIC.

INDUSTRY OVERVIEW

TYK2

Overview

TYK2 is a member of the JAK family of intracellular signaling molecules, which includes JAK1, JAK2, JAK3, and TYK2. TYK2 pairs with receptors for cytokines such as IFNs, IL-12, and IL-23, and it plays a pivotal role in both innate and adaptive immune responses. It is primarily involved in IL-12, IL-23 and type I interferon (IFN- α/β) signaling pathways. In humans, loss-of-function mutations in TYK2 causes an autosomal recessive hyper-IgE syndrome, and impair signaling of IL-23, IL-10, and IL-6, highlighting TYK2’s broad regulatory function across multiple cytokine pathways.

TYK2 signaling contributes to the development and progression of many autoimmune and inflammatory diseases, such as rheumatoid arthritis, multiple sclerosis, inflammatory bowel disease, Ps, sarcoidosis, and delayed-type hypersensitivity.

Advantages of TYK2

- Narrower range of action: TYK2 primarily mediates signaling for immune cytokines, including IL-23, IL-12, and type I interferons, with limited effects on other cytokine pathways. This targeted activity reduces the risk of off-target effects, offering a more favorable safety profile compared to broader JAK inhibitors.
- Unique JH2 domain: TYK2 has a distinct pseudokinase (JH2) domain that allows selective allosteric inhibition by small-molecules, blocking ATP binding and downstream signaling. This structural feature makes TYK2 an attractive and potentially safer therapeutic target.

Market Size and Competitive Landscape of TYK2 inhibitors in China

The market size of TYK2 inhibitors in China is estimated to grow from RMB42.0 million in 2024 to RMB609.7 million in 2028 at a CAGR of 95.2%.

As of the Latest Practicable Date, gecacitinib and deucravacitinib are the only two TYK2 inhibitors approved by the NMPA. Gecacitinib was approved in May 2025 for adult patients with myelofibrosis. Deucravacitinib, approved by the NMPA in October 2023 for moderate-to-severe plaque psoriasis. Globally, there are no TYK2 inhibitors approved globally for AD, AV and ND. The following table summarizes TYK2-targeted drug candidates that had been registered with the CDE that were in Phase II or Phase III in China as of the Latest Practicable Date:

Candidate	MoA	Administration	Company	Indication	Phase	First Posted Date	Trial Number
Deucravacitinib	TYK2	Oral	BMS	Active PsA	NDA	2025/5/20	
				Active systemic lupus erythematosus	III	2023/9/1	CTR20230595
				Active adult Sjögren's syndrome (SJS)	III	2023/9/27	CTR20233047
				Juvenile PsA	III	2025/10/15	CTR20253828
				Mod-severe plaque psoriasis in teenagers	III	2025/12/4	CTR20254809
Gecacitinib	JAK1, 2, 3/TYK2/JAK2	Oral	Zelgen	Mod-severe atopic dermatitis	III	2023/12/22	CTR20232303
				Severe alopecia areata	III	2022/2/9	CTR20220056
				Active ankylosing spondylitis	III	2023/5/18	CTR20231388
				Acute graft-versus-host disease	II	2021/7/21	CTR20211758
				Myelofibrosis	II	2021/5/11	CTR20210694
				Psoriasis	II	2020/1/2	CTR20202165
				Idiopathic pulmonary fibrosis	II	2020/7/25	CTR20200904
TLL-018	TYK2/JAK1	Oral	Hightail	Urticaria/Hives	III	2024/3/19	CTR20240829
				Rheumatoid arthritis	III	2025/1/3	CTR20244903
				Mod-severe atopic dermatitis	III	2024/8/26	CTR20243302
ICP-332	JAK1/TYK2	Oral	InnoCare	Non-segmental vitiligo	II/III	2025/4/8	CTR20251135
				Mod-severe chronic spontaneous urticaria	II/III	2026/1/4	CTR20255229
				Prurigo nodularis	II	2025/10/29	CTR20254285
				Plaque psoriasis	II	2025/11/19	CTR20254616
QY201	TYK2/JAK1	Oral	E-Nitiate	Mod-severe atopic dermatitis	III	2025/2/7	CTR20244696
				Mod-severe atopic dermatitis in adolescents	II	2025/4/24	CTR20251592
				Non-segmental vitiligo	II	2025/9/1	CTR20253365
ICP-488	TYK2	Oral	InnoCare	Mod-severe prurigo nodularis	II	2025/11/13	CTR20254407
				Mod-severe plaque psoriasis	III	2025/2/20	CTR20250582
				Cutaneous lupus erythematosus	II	2026/2/6	CTR20260460
HS-10374	TYK2	Oral	Hansoh	Mod-severe plaque psoriasis	III	2025/4/5	CTR20251164
				PsA	II	2023/11/28	CTR20233854
				Mild-mod plaque psoriasis	II	2025/3/24	CTR20251043
Zasocitinib	TYK2	Oral	Takeda	Active PsA	III	2025/4/10	CTR20251181
				Mod-severe plaque psoriasis	III	2026/3/2	CTR20260706
				Mod-severe active UC and active CD	II	2025/9/8	CTR20253581
SYHX1901	JAK1, 3/TYK2/SYK	Oral	CSPC Ouyi	Non-segmental vitiligo	II	2025/12/30	CTR20254990
				Mod-severe hidradenitis suppurativa	II	2026/2/20	CTR20261070
				Mod-severe plaque psoriasis	III	2025/5/30	CTR20251872
VYN461	JAK1/TYK2	Topical	Weimou	Non-segmental vitiligo	III	2026/2/6	CTR20260391
				Severe alopecia areata	II	2024/8/14	CTR20243029
				Non-infectious anterior uveitis	III	2025/9/17	CTR20253764
D-2570	TYK2	Oral	InventisBio	Mod-severe plaque psoriasis	III	2025/11/27	CTR20254653
				Ulcerative colitis	II	2025/5/7	CTR20251691
				PsA	II	2025/12/18	CTR20254967
WD-890	TYK2	Oral	Wenda	Systemic lupus erythematosus	II	2025/12/29	CTR20255110
PF-06700841	JAK1/TYK2	Oral	Pfizer	Mod-severe plaque psoriasis	III	2026/3/8	CTR20261024
AC-201	TYK2/JAK1	Oral	Accro	Systemic lupus erythematosus	II	2020/3/19	CTR20192662
HJ787	TYK2	Topical	Our company	Mod-severe plaque psoriasis	II	2024/2/22	CTR20240483
				Neurodermatitis	II	2024/7/22	CTR20242526
				Mild-mod atopic dermatitis	II	2024/7/29	CTR20242529
TQH-3906	TYK2	Oral	Chia Tai Tianqing	Acne vulgaris	II	2025/2/25	CTR20250633
				Mod-severe plaque psoriasis	II	2024/8/19	CTR20243055
				PsA	II	2026/2/13	CTR20260426
UA021	TYK2	Oral	Uyynova	Systemic lupus erythematosus	II	2026/4/10	CTR20261167
FXS5626	JAK1/TYK2	Oral	Accro	Plaque psoriasis	II	2025/9/24	CTR20253729
CMS-D001	TYK2	Oral	Kangzhe	Active non-infectious uveitis	II	2025/12/22	CTR20255083
				Mod-severe atopic dermatitis	II	2026/1/19	CTR20260084
				Mod-severe plaque psoriasis	II	2026/2/4	CTR20260287

Source: CDE, CIC

INDUSTRY OVERVIEW

Topical treatment delivers high drug levels directly to skin lesions, thereby reducing risks such as infections and systemic side effects. Because it avoids systemic accumulation, topical therapy is generally safer for long-term use than oral medications. This approach is ideal for mild-to-moderate or localized presentations, making it useful as initial therapy or as an adjunct for maintenance. Topical options also tend to increase patient adherence and quality of life due to its ease of use and fewer concerns about systemic adverse effects.

Market Drivers and Future Trends of TYK2 Inhibitors

- Rising prevalence of autoimmune disease. The incidence of autoimmune diseases has been rising steadily. According to The Lancet, the 19 most common autoimmune diseases collectively affect approximately 10.2% of the global population. In China, around 30 million individuals were affected by autoimmune diseases in 2024, supporting substantial clinical demand and commercial potential for TYK2 inhibitors.
- Excellent clinical efficacy and safety. More than twenty TYK2 inhibitors are in clinical development globally for autoimmune diseases. Compared with conventional JAK inhibitors, TYK2 inhibitors offer greater selectivity, which may reduce off-target effects and lower the risk of AEs.
- Ongoing advancements and growing investments in research. Recent biomedical advances and increasing R&D investment are accelerating the development of TYK2 inhibitors and expanding potential indications.

GLP-1 RELATED THERAPIES MARKET

Type 2 Diabetes Drug Market

Type 2 diabetes

Diabetes is a chronic metabolic disorder characterized by persistently elevated blood glucose levels. Glucose, derived from food intake, serves as a key energy source for cellular function, and its uptake is regulated by insulin—a hormone secreted by the pancreas. There are two primary types of diabetes. Type 1 diabetes is an autoimmune condition in which the body’s immune system attacks and destroys insulin-producing β -cells in the pancreas, leading to an absolute insulin deficiency. Type 2 diabetes, the more prevalent form, is marked by insulin resistance and/or insufficient insulin production, resulting in hyperglycemia due to impaired glucose uptake and utilization. The prevalence of type 2 diabetes in China was at 127.6 million in 2024 and is expected to exceed 135 million by 2028.

Current Treatment Regimen and Medical Needs

The following table sets forth eight primary classes of pharmacological agents commonly used in the treatment of type 2 diabetes. Among them, GLP-1 related therapies stand out for their superior glycemic efficacy and additional clinical benefits, including weight reduction and cardiovascular and renal protective effects. As of the Latest Practicable Date, 14 GLP-1 related therapies, including both single-target and multi-target GLP-1 related therapies receptor agonists, had been approved for the treatment of type 2 diabetes in China. The targeting patient population of GLP-1 related therapies for type 2 diabetes reached 127.6 million in China in 2024. The following chart illustrates number of approved drugs in China and globally and treatment comparisons for type 2 diabetes as of the Latest Practicable Date:

INDUSTRY OVERVIEW

Number of approved drugs and treatment comparisons in type 2 diabetes, as of the Latest Practicable Date

MoA	No. of approved drugs in China	No. of approved drugs globally	Representative drugs	Company	Target	2025 NRDL	Approval in China	Approval in U.S.	Advantages	Limitations
GLP-1 related therapies	14	9	Semaglutide Ozempic®/诺和泰®, Rybelsus®/诺和忻®	Novo Nordisk	GLP-1R	Yes	Yes	Yes	• Potent hba1c lowering • Robust and consistent weight loss	• Common GI side effects (nausea, vomiting, constipation)
			Tirzepatide Mounjaro®/穆峰隆®	Eli Lilly	GLP-1R/ GIPR	Yes	Yes	Yes	• Low hypoglycaemia risk • Protect kidneys and cardiovascular system	• Risk of acute pancreatitis in some trials • Risk of diabetic retinopathy progression in some trials • Cost/access issues
DPP-4i	11	31	Sitagliptin Januvia®/捷诺维®	Merk	DPP-4i	Yes	Yes	Yes	• Do not cause nausea or vomiting • Low hypoglycaemia risk	• May have allergic and hypersensitivity reactions
			Linagliptin Trajenta®/威唐宁®	BI	DPP-4i	Yes	Yes	Yes	• Can reduce inflammation • Possible lowering of blood pressure	• Potential hepatotoxicity • Do not exhibit any beneficial renal outcomes
SGLT2i	11	23	Henagliflozin 瑞沁®	Hengrui	SGLT2i	Yes	Yes	-	• Benefits in heart failure • Benefits in chronic kidney disease	• Risk of genital mycotic infections • Risk of uterine and pyelonephritis
			Dapagliflozin Forxiga®/安建唐®	AZ	SGLT2i	Yes	Yes	Yes	• Modest weight loss • Blood pressure reduction	• 3-fold increased risk of diabetic ketoacidosis • Risk of hypoglycemia • Risk of erythema, rash, pruritus, and angioedema
Insulin	11	12	Insulin Brand names vary by manufacturer	/	INSR	Yes	Yes	Yes	• Can address almost any level of blood glucose • Better predictability	• Risk of weight gain • The need for education, titration and regular glucose monitoring • Risk of hypoglycaemia • Cost issues
Metformin	12	17	Metformin Brand names vary by manufacturer	/	AMPK	Yes	Yes	Yes	• Generally considered safe and well-tolerated • Inexpensive	• Risk of adverse GI effects, such as diarrhea, nausea, and vomiting • Risk of chest discomfort, headache, diaphoresis, hypoglycemia, weakness, and rhinitis • May decrease vitamin B12 levels
TZDs	3	5	Pioglitazone Actos®/艾可拓®	Takeda	PPARγ	Yes	Yes	Yes	• Potentially have anti-inflammatory and anti-cancer properties • Beneficial effects on endothelial function, atherogenesis, fibrinolysis, and ovarian steroidogenesis	• Risk of edema and congestive heart failure • Weight gain • Increased fracture risk • Increased risk of bladder cancer • Hepatotoxicity • Increased Ovulation and Teratogenic Effects
Sulfonylureas	3	5	Glibenclamide Brand names vary by manufacturer	/	KATP channel	Yes	Yes	Yes	• Lower cost • Significant reduction in HbA1c • Improve outcomes in patients presenting with ischemic stroke	• Risk of hypoglycemia • Weight gain • Do not have a lasting effect
GKA	1	0	Dorzagliatin 华堂宁®	Hualing	GCK	Yes	Yes	-	• Effectively reduce HbA1c level • Significant decrease in FINS level	• Attenuated efficacy over time • Risk of hypoglycemia • Risk of dyslipidemia

Notes: AMPK: AMP-activated protein kinase; ABCC8: ATP-binding cassette subfamily C member 8; KCNJ11: potassium voltage-gated channel subfamily J member 11; DPP-4i: dipeptidyl peptidase-4 inhibitor; GCK: glucokinase; TZDs: thiazolidinediones; GKA: glucokinase activator; KATP channel: ATP-sensitive potassium channel

Source: NMPA, FDA, EMA, PMDA, CIC

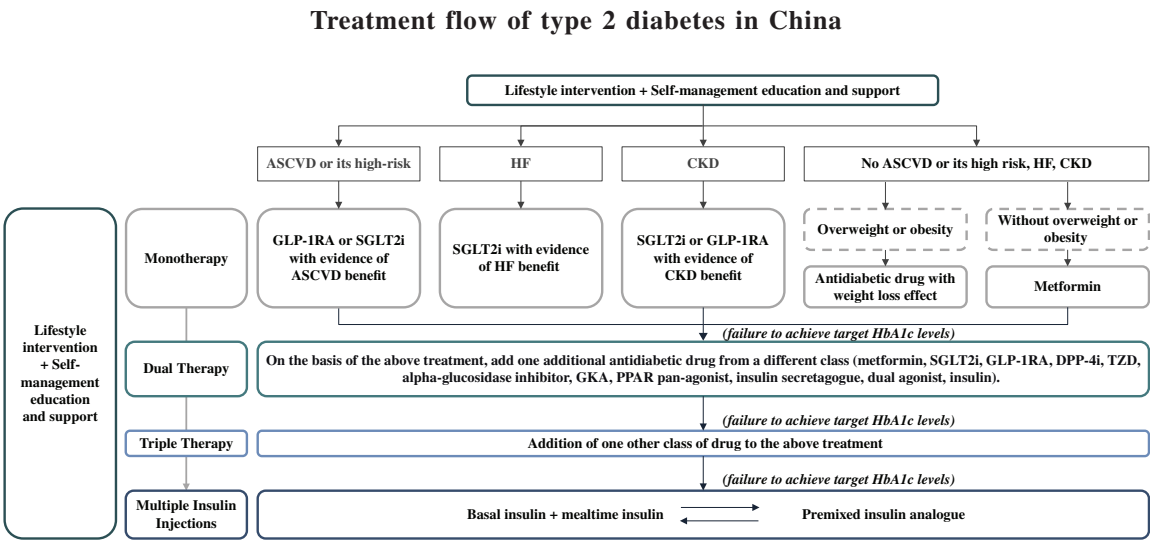
A wide range of therapies is available for type 2 diabetes, with blood glucose control and weight management as the main treatment goals. Metformin is the preferred therapy. Very high-efficacy options for glycemic control include high-dose dulaglutide, semaglutide, tirzepatide, and insulin combined with GLP-1 related therapies, while GLP-1 related therapies and metformin are considered high-efficacy treatments.

GLP-1 related therapies are recommended in China as part of dual therapy for patients with HbA1c above 7.0%, as well as for those with ASCVD, high cardiovascular risk, heart failure or CKD regardless of HbA1c levels. However, around one-third of type 2 diabetes patients in China still require insulin therapy, and the relatively high cost of GLP-1 related therapies and limited patient awareness have contributed to their low market penetration.

GLP-1 related therapies increase insulin secretion and reduce glucagon release, and some also target GCG and GIP receptors. They demonstrate high to very high efficacy in lowering blood glucose, with low hypoglycemia risk, significant weight-loss benefits, cardiovascular benefits including reduced major adverse cardiovascular events, and renal benefits, although gastrointestinal adverse effects such as nausea and vomiting remain common.

INDUSTRY OVERVIEW

The following chart illustrates treatment flow of type 2 diabetes in China:



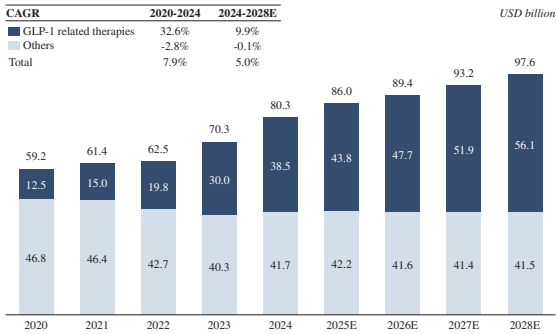
Notes: HbA1c: glycated hemoglobin; ASCVD: atherosclerosis cardiovascular disease; CKD: chronic kidney disease; GSK: glucokinase; TZD: thiazolidinedione; GKA: glucokinase Activator; PPAR: peroxisome proliferatoractivated receptor

Source: Chinese Guidelines for the Prevention and Treatment of Type 2 Diabetes (2024); CIC

Market Size of Type 2 Diabetes Drugs

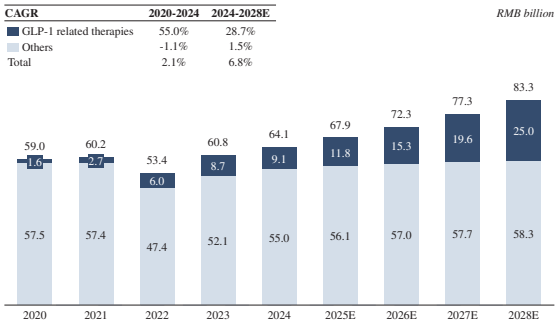
In recent years, the development of GLP-1 related therapies has significantly transformed the therapeutic landscape for metabolic disorders, particularly type 2 diabetes. GLP-1 related therapies have rapidly gained market traction and are increasingly capturing a larger share of the type 2 diabetes treatment market. The chart below presents the historical and projected global and China’s market size for type 2 diabetes therapies from 2020 to 2028, with a breakdown by GLP-1 related therapies, including both single-target and multi-target GLP-1 related therapies receptor agonists, and other antidiabetic drugs:

Global Type 2 Diabetes Drug Market Size, 2020-2028E



Source: World Health Organization, FDA, The International Diabetes Federation, CIC

China Type 2 Diabetes Drug Market Size, 2020-2028E



Source: NMPA, The Journal of the American Medical Association, The International Diabetes Federation, periodic reports released by public companies, CIC

The global type 2 diabetes drug market is expected to maintain strong growth driven by the rising patient burden, prevailing use of innovative agents, expanded indications, and better healthcare access, alongside a shift toward holistic cardiometabolic disease management.

INDUSTRY OVERVIEW

The decline in the market size of type 2 diabetes drugs in China in 2022 was mainly driven by the reallocation of medical resources, reduced patient willingness to seek care, supply chain disruptions and broader economic pressures at the peak of the COVID-19 outbreak, which interrupted diabetes treatment for some patients. Growth in the GLP-1 related therapies market for type 2 diabetes in China from 2024 to 2028 is expected to be driven by increasing diagnosis rates, higher treatment rates and greater GLP-1 related therapies penetration.

The market size also decreased from 2021 to 2022 due to the national centralized procurement of insulin. While insulin therapies have shown a declining trend, GLP-1 related therapies are reshaping the market landscape.

Oral GLP-1 related therapies offer a convenient, non-injectable treatment option for type 2 diabetes and obesity. Compared with injectable GLP-1 related therapies, oral formulations may improve adherence and broaden access, especially for patients reluctant to start injections.

Competitive Landscape of Oral GLP-1 related therapies for Type 2 Diabetes Drug Market in China

As of the Latest Practicable Date, there were eighteen clinical-stage oral GLP-1 related therapies in China as illustrated in the following table:

Competitive landscape of clinical-stage oral GLP-1 related therapies for type 2 diabetes in China

Drug name	Target	Company	Indication	Phase	First Posted Date	Trial Number
Orforglipron	GLP-1R	Eli Lilly	T2DM	NDA	2026/1/10	-
Convegipron	GLP-1R	Huadong Medicine	T2DM	III	2025/7/7	CTR20252647
HRS-7535	GLP-1R	Hengrui	T2DM	III	2024/9/23	CTR20243559
HS-10501	GLP-1R	Hansoh	T2DM	II	2025/10/22	CTR20254127
HJ178	GLP-1R/GIPR	Our company	T2DM	II	2025/4/25	CTR20251614
SAL0112	GLP-1R	Salubris	T2DM	II	2024/8/16	CTR20242666
SAL0150	GLP-1R	Salubris	T2DM	I	2026/3/31	CTR20261095
Naperiglipron	GLP-1R	Eli Lilly	T2DM	I	2025/7/10	CTR20252656
MWN109 Tablet	GLP-1R/GCGR/GIPR	Minwei	T2DM	I	2025/6/6	CTR20252244
ZT006	GLP-1R	QL Biopharm	T2DM	I	2024/11/15	CTR20244313
APH01727	GLP-1R	ApicHope	T2DM	I	2024/7/26	CTR20242743
Ribupatide Tablet	GLP-1R/GIPR	Hengrui	T2DM	I	2024/8/5	CTR20242520
DA-302168S	GLP-1R	Di' Ao	T2DM	I	2024/4/11	CTR20241150
Bofanglutide Tablet	GLP-1R	Gan&Lee	T2DM	I	2024/3/7	CTR20240663
THDBH110	GLP-1R	Tonghua Dongbao	T2DM	I	2023/11/9	CTR20233631
BPYT-01	GLP-1R	Baiji Yutang	T2DM	I	2023/11/1	CTR20233453
HSK34890	GLP-1R	Haisco	T2DM	I	2023/8/21	CTR20232557
VCT220	GLP-1R	Vincentage	T2DM	I	2022/12/14	CTR20222374

Notes: T2DM: type 2 diabetes

(1) Phase refers to each drug's most advanced phase of all ongoing clinical trials.

Source: CDE, CIC

INDUSTRY OVERVIEW

As of the Latest Practicable Date, 14 GLP-1 related therapies were approved in China for the treatment of type 2 diabetes, including one oral formulation and 13 injectable formulations, while in the United States, 5 innovative GLP-1 related therapies for type 2 diabetes have been approved by the FDA, including one oral formulation as illustrated in the following table:

NMPA approved innovative GLP-1 related therapies in type 2 diabetes

Drug Name	Brand Name (CHN)	Brand Name (ENG)	Target	Company	Modality	Administration	Dosage Frequency	Approval Date	2025 NRDL	Monthly cost (thousand RMB)
Exenatide ¹	百泌達®	Byetta®	GLP-1R	AZ	Peptide	s.c.	BID	2009-05-08	✓	N/A
Liraglutide	諾和力®	Victoza®	GLP-1R	Novo Nordisk	Peptide	s.c.	QD	2011-03-04	✓	-0.7
Beinaglutide ¹	誼生泰®	–	GLP-1R	Benemae	Peptide	s.c.	TID	2016-12-13	No	N/A
Lixisenatide ¹	利時敏®	Lyxumia®/Adlyxin®	GLP-1R	Zealand Pharma/Sanofi	Peptide	s.c.	QD	2017-09-29	✓	N/A
Exenatide microsphere ¹	百達揚®	Bydureon®	GLP-1R	AZ	Peptide	s.c.	QW	2017-12-28	No	N/A
Dulaglutide	度易達®	Trulicity®	GLP-1R	Eli Lilly	Fusion protein	s.c.	QW	2019-02-22	✓	-0.5
Loxenatide	孚來美®	–	GLP-1R	Hansoh Pharma	Peptide	s.c.	QW	2019-05-05	✓	-0.4
Semaglutide	諾和泰®	Ozempic®	GLP-1R	Novo Nordisk	Peptide	s.c.	QW	2021-04-27	✓	-0.9
Oral Semaglutide	諾和所®	Rybelsus®	GLP-1R	Novo Nordisk	Peptide	p.o.	QD	2024-01-23	No	-2.9
Tirzepatide	穆峰達®	Mounjaro®	GLP-1R/GIPR	Eli Lilly	Peptide	s.c.	QW	2024-05-15	✓	-1.0
Efsabaglutide alfa	怡諾輕®	–	GLP-1R	Innogen	Fusion protein	s.c.	QW	2025-01-24	✓	-1.1
Mazdutide	信爾美®	–	GLP-1R/GCGR	Innovent	Peptide	s.c.	QW	2025-09-16	No	-1.4
Visepegenatide	派達康®	–	GLP-1R	PegBio	Peptide	s.c.	QW	2025-11-12	No	N/A
Ecnoglutide	光頤達®	–	GLP-1R	Sciwind	Peptide	s.c.	QW	2026-01-30	No	N/A

Notes: p.o.: per os/orally; s.c.: subcutaneously; BID: twice daily; TID: three times daily; QD: once daily; QW: once weekly

- (1) Due to strategic shifts of the pharmaceutical company, the product was withdrawn in China.
- (2) Monthly cost = unit price * average monthly dose in maintenance stage, based on four weeks or 28 days treatment cycle.

Source: NMPA, CIC

Growth Drivers and Future Trends of Type 2 Diabetes Drug Market

The type 2 diabetes drug market growth has primarily been driven by the following key factors:

- Growing prevalence of type 2 diabetes in China and unmet clinical needs in rural regions. Patients in rural China face substantial barriers to effective diabetes management, including limited access to healthcare infrastructure, preventive care, screening and early diagnosis, contributing to poorer glycemic control and a higher disease burden.
- Favorable policies towards chronic disease management. The Healthy China Initiative (2019-2030) identifies diabetes prevention and control as a key intervention for chronic diseases.
- Comprehensive benefits of type 2 diabetes management paradigm. Clinical guidelines emphasize integrated management of diabetes-related risk factors through pharmacotherapy and lifestyle interventions to improve metabolic control and long-term outcomes, which is expected to be a future trend in diabetes care.
- Improved patient compliance and efficacy resilience. Current therapies may face challenges including loss of efficacy over time and suboptimal long-term adherence due to adverse effects. In clinical trials for type 2 diabetes, subcutaneous semaglutide was associated with overall gastrointestinal adverse events (GI AEs) in 32.7%-36.4% of participants, with nausea and vomiting occurring in 15.8%-20.3% and 5.0%-9.2%, respectively. The treatment discontinuation rate in these studies was 12%-13%.
- “Patient-centered” strategy for the management of type 2 diabetes. Type 2 diabetes management has evolved from a sole focus on HbA1c to broader attention to complications and weight management, with clinical guidelines emphasizing more personalized treatment approaches.
- Pancreatic islet function restoration and alleviation of type 2 diabetes. GLP-1 related therapies can reduce blood glucose without increasing hypoglycemia risk, while also showing protective effects on pancreatic β -cell function and supporting weight reduction.

INDUSTRY OVERVIEW

Obesity Drug Market

Obesity

Obesity is characterized by abnormal or excessive fat accumulation that poses a significant risk to health. In China, a body mass index (BMI) greater than 24 kg/m² is classified as overweight, while a BMI over 28 kg/m² is classified as obese. Obesity is both an independent risk factor for and a contributing condition to, numerous health disorders. It is particularly associated with an increased incidence of cardiovascular diseases, type 2 diabetes, musculoskeletal disorders, and certain cancers, making it a major public health concern.

Prevalence of Obesity

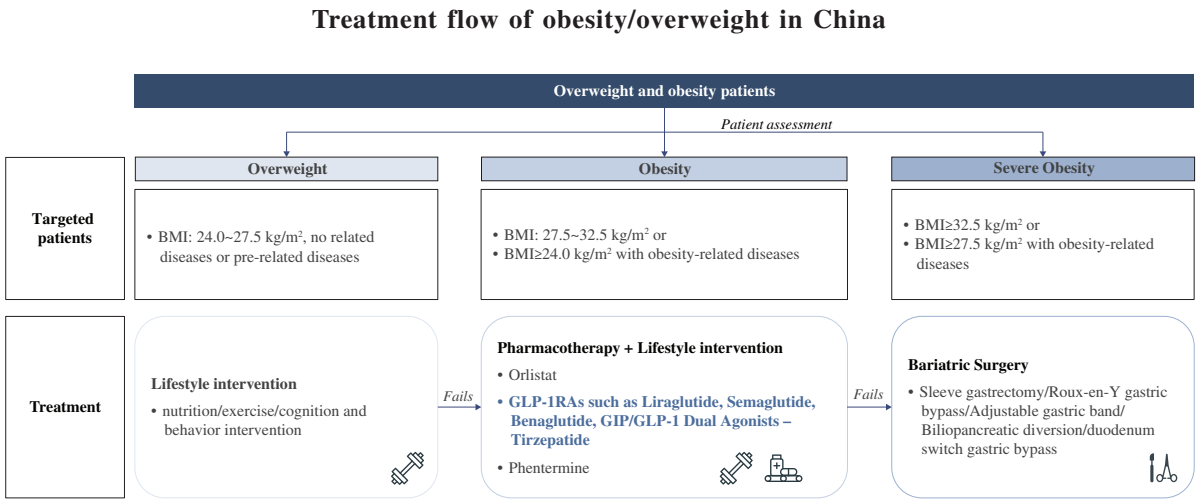
Obesity has emerged as a growing global public health challenge, with the affected population exceeding one billion by the end of 2024 and expected to exceed 1.1 billion by 2028. China currently has the largest population of individuals with obesity worldwide. Notably, the prevalence of obesity in China is expected to increase at a faster rate than in more developed countries, such as the United States, with the number of obese individuals projected to surpass 300 million by 2028.

Current Treatment Regimen and Medical Needs

Current treatment obesity treatment primarily includes lifestyle intervention, medication and bariatric surgery. First choice approach involves diet modification, exercise, and behavioral therapy, but often insufficient alone due to poor long-term adherence and biological resistance to weight loss. Approved anti-obesity drugs mainly were GLP-1 related therapies, and lipase inhibitors (e.g., orlistat). These drugs act via appetite suppression, delayed gastric emptying, or fat absorption inhibition. Bariatric surgery are reserved for severe or refractory obesity, with significant weight loss and metabolic benefits but high cost, surgical risks, and limited accessibility.

The medical needs of obesity drug market is that many patients regain weight after drug discontinuation, highlighting a need for therapies that support long-term weight maintenance without continuous medication. In the meanwhile, current drugs, especially GLP-1 related therapies, often have gastrointestinal side effects (nausea, vomiting), leading to poor adherence, tolerability and compliance.

The following chart illustrates treatment flow of obesity in China:



Source: Chinese Diabetes Society; Chinese journal of Epidemiology, CIC

INDUSTRY OVERVIEW

As of the Latest Practicable Date, five GLP-1 related therapies had been approved for the treatment of obesity or overweight in China. Apart from GLP-1 related therapies, the alternative treatment of obesity or overweight includes orlistat only, with a targeting patient population for obesity reaching 277.4 million in China in 2024. The following illustrates number of approved drugs in China and globally and treatment comparisons for obesity or overweight as of the Latest Practicable Date:

Number of approved drugs and treatment comparisons in obesity/overweight, as of the Latest Practicable Date

Types of treatment	No. of approved drugs in China	No. of approved drugs globally	Representative methods	Target	2025 NRDL	Approval in China	Approval in U.S.	Advantages	Limitations
GLP-1RA	5	6	Beinaglutide 菲塑美®	GLP-1R	No	Yes	–	<ul style="list-style-type: none">Robust and consistent weight loss.Low intrinsic hypoglycaemia risk.Have a protective effect on the kidneys and cardiovascular system.	<ul style="list-style-type: none">Common GI side effects (nausea, vomiting, constipation).Risk of acute pancreatitis in some trials.Risk of diabetic retinopathy progression in some trials.Expensive.
			Semaglutide Wegovy®/Rybelsus®/诺和盈®	GLP-1R	No	Yes	Yes		
			Tirzepatide Zepbound®/穆峰達®	GLP-1R/GIPR	No	Yes	Yes		
			Ecnoglutide 先维盈®	GLP-1R	No	Yes	–		
			Orforglipron Founday®™	GLP-1R	No	–	Yes		
Orlistat	1	1	Mazdutide 信爾美®	GLP-1R/GCGR	No	Yes	–	<ul style="list-style-type: none">Leads to notable reductions in BMI, waist circumference, total cholesterol, and low-density lipoprotein levels.Safe and effective for treating obesity in individuals with heart failure.Benefit patients with metabolic fatty liver disease (MAFLD) and metabolic steatohepatitis (NASH).	<ul style="list-style-type: none">May cause GI responses including steatorrhea, fecal spotting, diarrhea, abdominal pain, and anal fissures.May have hepatotoxicity.Can increase the risk of osteoporosis.
			Orlistat Xenical®/Alli®/赛尼可®	Gastric and pancreatic lipases	No	Yes	Yes		

Source: NMPA, FDA, EMA, PMDA, CIC

In clinical trials for obesity, subcutaneous semaglutide was associated with overall gastrointestinal adverse events (GI AEs) in approximately 73% of participants, with nausea and vomiting occurring in 44% and 25%, respectively. The treatment discontinuation rate was 6.8%. Similarly, orforglipron demonstrated GI AEs in 60%-69% of participants, with nausea and vomiting reported in 26%-35% and 6%-10%, respectively, and treatment discontinuation rates of 6%-10%.

As of the Latest Practicable Date, five GLP-1 related therapies had been approved in China for the treatment of obesity or overweight, all of which are administered via subcutaneous injection. In the United States, five GLP-1 related therapies had been approved for the treatment of obesity or overweight, including two oral formulations.

NMPA approved innovative GLP-1 related therapies in the indication of obesity/overweight

Drug Name	Brand Name	Target	Company	Modality	Administration	Dosage Frequency	Approval Date	2025 NRDL	Monthly cost¹ (thousand RMB)
Beinaglutide	菲塑美®	GLP-1R	Benemac	Peptide	s.c.	TID	2023-07-25	No	~7.9
Semaglutide	诺和盈®	GLP-1R	Novo Nordisk	Peptide	s.c.	QW	2024-06-18	No*	~0.9
Tirzepatide	穆峰達®	GLP-1R/GIPR	Eli Lilly	Peptide	s.c.	QW	2024-07-16	No*	~1.3
Mazdutide	信爾美®	GLP-1R/GCGR	Innovent Biologics	Peptide	s.c.	QW	2025-06-24	No	~1.4
Ecnoglutide	先维盈®	GLP-1R	Sciwind	Peptide	s.c.	QW	2026-03-03	No	N/A

Notes:

- (1) Monthly cost = unit price * average monthly dose in maintenance stage, based on four weeks or 28 days treatment cycle.
- (2) Products included in the 2025 NRDL are reimbursed only for the treatment of T2DM, and 2025 NRDL coverage does not extend to the indication of overweight or obesity.

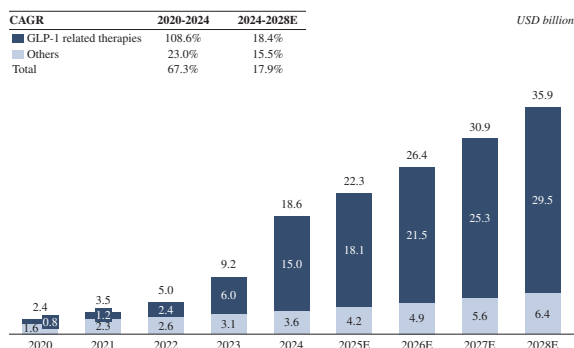
Source: NMPA, CIC

INDUSTRY OVERVIEW

Market Size of Obesity Drug

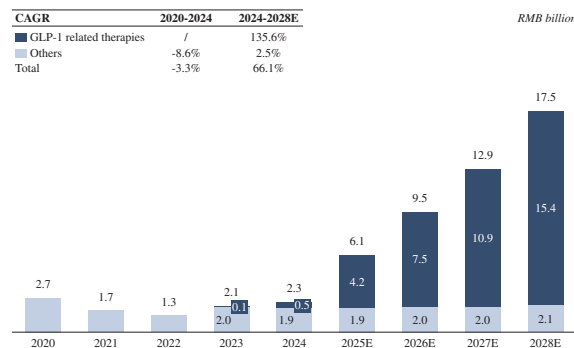
Driven by the continuous development of innovative therapeutics and rising clinical demand, the global market for obesity drugs has experienced substantial growth in recent years and is anticipated to expand at an accelerated pace going forward. The following charts illustrate the historical and projected global and China obesity drug market size with a breakdown by GLP-1 related therapies and other obesity drugs from 2020 to 2028:

Global Obesity Drug Market Size, 2020-2028E



Source: FDA, periodic reports released by public companies, CIC

China's Obesity Drug Market Size, 2020-2028E



Source: NMPA, periodic reports released by public companies, CIC

With the continuous development of novel drugs and the increasing clinical demands, the global obesity drug market has witnessed significant expansion in the past years and is expected to grow at an expedited pace, especially the GLP-1 related therapies segment.

China has long had limited options for treating obesity, essentially orlistat when GLP-1 related therapies are excluded, while GLP-1 related therapies offer a more effective and sustainable alternative. Clinical evidence shows orlistat typically produces about 5-10% weight loss over 6 to 12 months with a calorie restricted diet, whereas semaglutide has achieved roughly 15-20% weight loss, significantly outperforming orlistat. GLP-1 related therapies also provide metabolic benefits, including improved blood glucose control in patients with type 2 diabetes, which is not a primary effect of orlistat. Sustained weight loss with orlistat can be difficult due to strict dietary requirements, while GLP-1 related therapies have maintained meaningful weight reduction over 1 to 2 years by mechanically stimulating the activity of anorexigenic neurons (POMC/CART) and suppress orexigenic neurons (NPY/AgRP), leading to reduced appetite and decreased food intake, as well as delaying gastric emptying. In conclusion, the potential of GLP-1 related therapies in obesity is expected to be realized through broader awareness, the launch of additional agents, and innovations such as multi target mechanisms and oral formulations.

GLP-1 related therapies

Mechanisms of GLP-1/GLP-1R and GIP/GIPR

Glucagon-like peptide-1 (GLP-1) is an incretin secreted by the distal intestinal ileum and colon L-cells following food intake. GLP-1 stimulates glucose-dependent insulin secretion from pancreatic islets, slows gastric emptying, regulates postprandial glucagon secretion, and reduces food intake.

Glucose-dependent insulinotropic polypeptide (GIP) is a 42-amino-acid peptide secreted by K cells of small intestine. Upon binding to the GIP receptor, GIP activates adenylate cyclase, increasing cyclic adenosine monophosphate (cAMP) and Ca^{2+} concentrations, which activates cAMP dependent protein kinases, and promotes insulin secretion.

INDUSTRY OVERVIEW

Dual, Triple, and Multi-Target Therapies

Therapies that target multiple pathways can simultaneously produce superior glycemic control while minimizing side effects. Because metabolic diseases such as diabetes are heterogeneous and often have multiple concurrent pathophysiological mechanism single-target agents have limited efficacy. Combination treatments or single molecules designed to act on multiple targets can address this complexity. However combined regimens and their clinical evaluation tend to be more complex. Consequently, single-molecule multi-target therapies become an important emerging development direction in diabetes therapeutics.

Most dual-target therapies in development focus on GLP-1R/GIPR, GLP-1R/GCGR, and GLP-1R/FGF21R (Fibroblast growth factor 21). Among them, the GLP-1R/GIPR class is led by tirzepatide from Eli Lilly, which has been approved by the FDA and the NMPA. Mazdutide, which targets GLP-1R/GCG, has also been approved in China. Recent research increasingly targets three or more G-protein-coupled receptor targets. Several GIP/GLP-1/glucagon receptor triple agonists are currently in clinical development, including Eli Lilly’s retatrutide. The rational for adding GCG receptor agonism is that it may further reduce energy intake, increase energy expenditure, or both, thus potentially enhancing efficacy.

Commercialized and Clinical Pipeline of Multi-target

As of the Latest Practicable Date, there were two multi-target GLP-1 related therapies approved in China, with a number of drug candidates under development. The following table illustrates the clinical pipelines of multi-target GLP-1 related therapies registered with CDE that were in phase II or later development stage as of the Latest Practicable Date:

Drug name ¹	Target	Company	Indication	Phase	First Posted Date	Administration	Trial number
HRS-9531	GLP-1R/GIPR	Hengrui	Obesity/overweight	BLA	2025/9/2	SC	–
			T2DM	Phase III	2024/10/18	SC	CTR20243938
BGM0504	GLP-1R/GIPR	BrightGene/Sanjia	Obesity/overweight	Phase III	2024/10/31	SC	CTR20243983
			T2DM	Phase III	2024/12/10	SC	CTR20244493
Olatorepatide (HS-20094)	GLP-1R/GIPR	Hansoh/Regeneron	Obesity/overweight	Phase III	2024/10/31	SC	CTR20243973
			T2DM	Phase III	2025/8/28	SC	CTR20253481
Poterepatide (HDM1005)	GLP-1R/GIPR	Huadong Medicine	Obesity/overweight	Phase III	2025/9/24	SC	CTR20253677
			T2DM	Phase III	2026/2/3	SC	CTR20260321
RAY1225	GLP-1R/GIPR	Zhongsheng/Qilu	Obesity/overweight	Phase III	2025/6/18	SC	CTR20251977
			T2DM	Phase III	2025/7/30	SC	CTR20252996
Survodutide	GLP-1R/GCGR	Zealand/BI	Obesity/overweight	Phase III	2023/12/14	SC	CTR20234044
AZD9550	GLP-1R/GCGR	AZ	Obesity/overweight	Phase II	2025/5/6	SC	CTR20251720
HEC88473	GLP-1R/FGF21	HEC/Apollo Therapeutics	T2DM/obesity	Phase II	2023/8/17	SC	CTR20232481
HJ178	GLP-1R/GIP	Our company	T2DM	Phase II	2025/4/25	PO	CTR20251614
HRS9531 Tablet	GLP-1R/GIPR	Hengrui	Obesity/overweight	Phase II	2025/2/19	PO	CTR20250596
MWN101	GLP-1R/GIPR/GCGR	Minwei	Obesity/overweight	Phase II	2024/3/7	SC	CTR20240802
			T2DM	Phase II	2024/3/11	SC	CTR20240817
MWN105	GLP-1R/FGF21/GIPR	Minwei/Sidera Bio	Obesity/overweight	Phase II	2025/8/20	SC	CTR20253336
MWN109	GLP-1R/GIPR/GCGR	Minwei	Obesity/overweight	Phase II	2025/8/14	SC	CTR20253058
MWN109 Tablet	GLP-1R/GIPR/GCGR	Minwei	Obesity/overweight	Phase II	2025/12/8	PO	CTR20254820
Retatrutide	GLP-1R/GIPR/GCGR	Eli Lilly	Obesity/overweight	Phase II	2026/3/12	SC	f
THDBH120	GLP-1R/GIPR	Tonghua Dongbao	Obesity/overweight	Phase II	2024/12/5	SC	CTR20244607
UBT251	GLP-1R/GIPR/GCGR	The United Laboratories/ Novo Nordisk	T2DM	Phase II	2025/1/13	SC	CTR20250029
			Obesity/overweight	Phase II	2025/2/17	SC	CTR20250288
ZX2010	GLP-1R/GIPR	Kanion	T2DM	Phase II	2025/6/26	SC	CTR20252333
ZX2021	GLP-1R/GIPR/GCGR	Kanion	Obesity/overweight	Phase II	2025/4/11	SC	CTR20250527

Notes:

- (1) HJ178 acts through multiple mechanisms by simultaneously increasing GLP-1 secretion and reducing GIP secretion, thereby producing glucose-lowering effects and providing weight-loss benefits.
- (2) On February 15, 2026, a Phase II clinical trial of retatrutide for the treatment of obesity was initiated in Mainland China under NCT07467447, while no related trial had been registered with the CDE.
- (3) Fixed-dose combinations are not included in the list.

Source: CDE, CIC

Among the multi-target GLP-1 related therapies above, there are 5 oral multi-target GLP-1 related therapies under clinical development in China. Also, as of the Latest Practicable Date, there are 15 multi-target GLP-1 related therapies for type 2 diabetes and 20 multi-target candidates for obesity, as well as 59 single-target candidates for type 2 diabetes and 55 single-target candidates for obesity.

INDUSTRY OVERVIEW

On April 1, 2026, FDA approved orforglipron for chronic weight management in adults with obesity or overweight. This milestone marks the first approval of a small-molecule, non-peptide oral GLP-1 receptor agonist. Eli Lilly has also submitted NDA in China for the treatment of type 2 diabetes in January 2026.

OVERVIEW OF GLOBAL AND CHINA KRAS TARGETED AND HCC TARGETED DRUG MARKET

Non-Small Cell Lung Cancer (NSCLC)

Overview

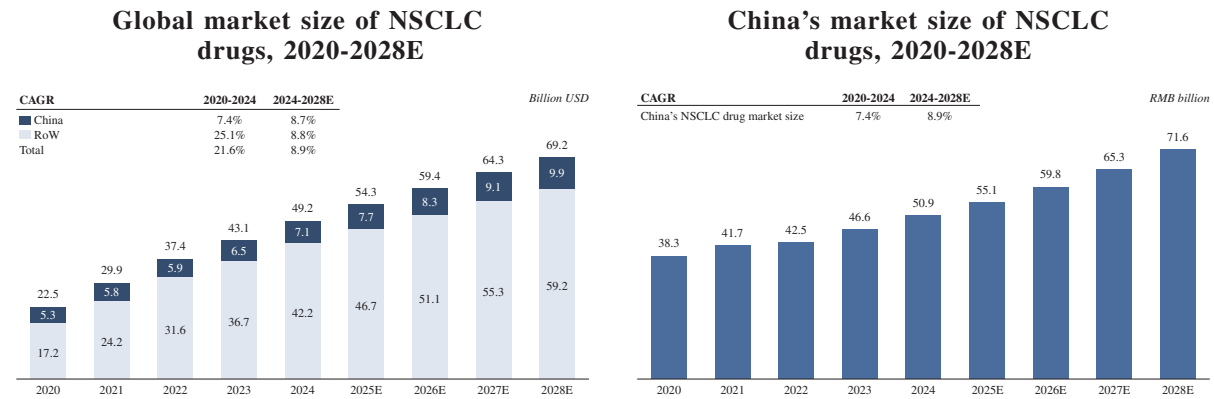
Lung cancer is a malignant tumor originating from the bronchial mucosa or glands. It is one of the most prevalent and deadly cancers in China and worldwide. In 2024, lung cancer was the most frequently diagnosed cancer in China, accounting for 22% of new cases.

NSCLC is the predominant subtype, accounting for approximately 85% of all Lung cancers globally, and remains a leading cause of cancer-related mortality, with substantial unmet medical need in China. The two most common histological subtypes of NSCLC are adenocarcinoma (AC) and squamous cell carcinoma (SCC), collectively accounting for 70% to 90% of NSCLC cases. Advances in next-generation sequencing have enabled more precise molecular classification, driver mutations are identified in approximately 60% of AC cases.

Incidence of NSCLC and Market Size of NSCLC drugs in Global and China

The global incidence of NSCLC increased from approximately 1.92 million cases in 2020 to 2.21 million in 2024 at a CAGR of 3.5%, and is estimated to increase to 2.45 million by 2028, representing a CAGR of 2.7% from 2024 to 2028. In China, the incidence of NSCLC increased from approximately 830.1 thousands cases in 2020 to 973.2 thousands in 2024 at a CAGR of 4.1%, and is estimated to increase to 1.11 million by 2028, representing a CAGR of 3.4% from 2024 to 2028.

The following charts illustrates the historical and projected global and China NSCLC drug market size from 2020 to 2028:



Source: Global Cancer Observatory, The National Childhood Cancer Registry, The National Comprehensive Cancer Network, Chinese Society of Clinical Oncology, CIC

Source: Annual report, NMPA, CIC

KRAS^{G12C} is among the most clinically important KRAS mutation subtypes in NSCLC given its meaningful prevalence and therapeutic relevance. In 2024, KRAS^{G12C} mutated NSCLC accounted for approximately 4.5% of NSCLC incidence in China. The incidence of KRAS^{G12C} mutated NSCLC in China increased from 37.0 thousand in 2020 to 43.8 thousand in 2024, and is projected to reach 50.0 thousand by 2028. China's NSCLC KRAS^{G12C} inhibitors market is in its early stage, with a very small base in 2024 but positioned for rapid expansion, with an estimated CAGR of about 169.5% from 2024 to 2028. Today, few KRAS^{G12C}—specific inhibitors are broadly available, and patients often rely on chemotherapy or immunotherapy, which have limited efficacy and poor outcomes in this setting.

INDUSTRY OVERVIEW

NSCLC Diagnosis, Treatment Pathways and Unmet Clinical Needs

Advanced NSCLC continues to present significant unmet clinical needs. Although targeted therapies such as TKIs have improved outcomes in certain molecularly defined subgroups, treatment resistance commonly develops and post-resistance options remain limited, resulting in suboptimal long-term clinical benefit. In addition, patients with other oncogenic drivers or without identifiable driver mutations continue to face insufficient treatment options, highlighting substantial unmet demand for more effective therapies.

The mitogen-activated protein kinase (MAPK) pathway is a conserved intracellular signaling cascade comprising key protein kinases—RAS, RAF, MEK, and ERK. It plays a central role in regulating critical cellular functions, including proliferation, differentiation, survival, and apoptosis. Signal transmission within the MAPK pathway is initiated when extracellular signals activate RAS, prompting a switch from its inactive GDP-bound form to an active GTP-bound form. This triggers sequential activation of RAF, MEK, and ERK. Activated ERK then phosphorylates various downstream targets, including kinases and transcription factors, thereby modulating a broad range of cellular responses.

The following charts set forth the treatment guidelines for NSCLC by CSCO and NCCN Guidelines:

Treatment guidelines for NSCLC patients, CSCO 2024

Localized early NSCLC			
<ul style="list-style-type: none">• Operable: Surgical resection + Mediastinal lymph node dissection• Inoperable: Radiotherapy ± Chemotherapy			
Ia/IIa NSCLC	GENE	FIRST-LINE THERAPY (GRADE I)	SUBSEQUENT THERAPY (GRADE I)
	Gene-Negative Squamous NSCLC	• PS=0-1: PD-1 therapy combined with chemotherapy, with or without bevacizumab	• PS=0-2: Immunotherapy or targeted therapy
	Gene-negative Non-squamous NSCLC	• PS=2: Single-agent chemotherapy	• PS=3-4: Best supportive care
	EGFR ("classical")	• EGFR TKI	• Initial TKI + local therapy (Oligoprogress/CNS metastasis)
	EGFR ("ex20ins")	• PD-1 therapy combined with chemotherapy, with or without bevacizumab	• TKI if T790M positive/Platinum-based chemotherapy ± Beva (Extensive stage)
	ALK	• Targeted therapy	• Immunotherapy or targeted therapy, or chemotherapy for the squamous
	ROS1	• Targeted therapy	• Initial TKI (or others) ± local therapy (Oligoprogress/CNS metastasis)
	BRAF V600E	• Targeted therapy	• TKI if effective (only for ALK)/chemotherapy ± Beva (Extensive stage)
	NTRK	• Targeted therapy	• Immunotherapy or targeted therapy, or chemotherapy for the squamous
	METex14	• Targeted therapy	• Immunotherapy or targeted therapy, or chemotherapy for the squamous
	RET	• Targeted therapy	• Targeted therapy
	KRAS G12C	• PD-1 therapy combined with chemotherapy, with or without bevacizumab	• Immunotherapy or targeted therapy, or chemotherapy for the squamous
HER-2			
		• PD-1 therapy combined with chemotherapy, with or without bevacizumab	• KRAS ^{G12C} inhibitor
			• Her-2 targeted therapy
			• her1/her2/her4 TKI

Source: CSCO, CIC

Treatment guidelines for NSCLC patients, NCCN version 5.2024

Stage IA–IIIA NSCLC			
<ul style="list-style-type: none">• Operable: Surgical exploration & resection + mediastinal lymph node dissection or systematic lymph node sampling• Inoperable: Definitive RT, preferably stereotactic ablative radiotherapy			
Stage IIIB–IIIC NSCLC			
<ul style="list-style-type: none">• Definitive concurrent chemoradiation• Stereotactic radiosurgery (SRS) alone or surgical resection			
Stage IIIB NSCLC			
		• Durvalumab	• Systemic Therapy
Stage IVB NSCLC	GENE	FIRST-LINE THERAPY	SUBSEQUENT THERAPY
	PD-L1 ≥1%	• PS 0-2: Biomarker-directed therapy	• PS 3-4: Supportive care
	PD-L1 <1%	• PS 0-2: Biomarker-directed therapy	• PS 3-4: Supportive care
	EGFR ("classical")	• Osimertinib; Osimertinib + pemtredex (non-squamous)	• Continue Osimertinib; Local therapy for limited lesions
	EGFR ("atypical")	• Erlotinib, Afatinib, Gefitinib, Dacomitinib	• Amivantamab-vmjw + carboplatin + pemtredex (non-squamous)
	EGFR ("atypical")	• S768I, L861Q, and/or G719X: Osimertinib, Afatinib; Erlotinib, Gefitinib, Dacomitinib	• PD-1 therapy combined with chemotherapy, with or without bevacizumab, or targeted therapy
	EGFR ("atypical")	• Exon 20ins: Amivantamab-vmjw + carboplatin/pemtredex	• PD-1 therapy combined with chemotherapy, with or without bevacizumab, or targeted therapy
	KRAS G12C	• PD-1 therapy combined with chemotherapy, with or without bevacizumab, or targeted therapy	• Sotorasib; Adagrasib
	ALK	• Alectinib, Brigatinib, Lorlatinib	• Continue alectinib or brigatinib or ceritinib or lorlatinib
	ROS1	• Ceritinib; Crizotinib	• Local therapy for limited lesions
	ERBB2 (HER2)	• Entrectinib, Crizotinib, Repotrectinib	• Local therapy for limited lesions
	ERBB2 (HER2)	• Ceritinib	• Continue entrectinib, crizotinib, repotrectinib, or ceritinib; lorlatinib
	ERBB2 (HER2)	• PD-1 therapy combined with chemotherapy, with or without bevacizumab, or targeted therapy	• Fam-trastuzumab, deruxtecan-nxki; Ado-trastuzumab emtansine
	BRAF V600E	• Dabrafenib + Trametinib; Encorafenib + Binimetinib	• PD-1 therapy combined with chemotherapy, with or without bevacizumab, or targeted therapy
	BRAF V600E	• Vemurafenib or Dabrafenib	
	NTRK1/2/3	• Larotrectinib or Entrectinib	
	METex14	• Capmatinib or Tepotinib; Crizotinib	
	RET	• Selpercatinib or Pralsetinib; Cabozantinib	

Source: NCCN, CIC

INDUSTRY OVERVIEW

Overview of RAS and KRAS as Therapeutic Targets

RAS Pathway and Cancer Expression

RAS mutations are among the most common oncogenic alterations in human cancer, present in approximately one-third of tumors. They are especially prevalent in pancreatic, colorectal, thyroid, lung, and melanoma cancers. Among the RAS isoforms, KRAS is the most frequently mutated, found in over 20% of cancers, followed by NRAS with 8% and HRAS with 3.3%. Targeted drugs developed to address these mutations include sotorasib, adagrasib, garsorasib, fulzerasib and glecirasib.

KRAS mutations occur most in pancreatic, rectal, colon and lung adenocarcinoma, the four cancer types with the highest KRAS mutation rates.

KRAS^{G12C} Inhibitors

KRAS is a key signaling protein involved in cell proliferation and survival through pathways including MAPK. Oncogenic KRAS mutations lead to persistent downstream signaling and promote tumor growth. KRAS mutations are common in PDAC, CRC and NSCLC, accounting for over 20% of all cancers, which highlights the need for mutation-specific KRAS-targeted therapies.

As of the Latest Practicable Date, four KRAS^{G12C} inhibitors had been approved in China. Apart from KRAS^{G12C} inhibitors, the alternative treatment of NSCLC includes immunotherapy and chemotherapy, with a targeting patient population for second-line NSCLC reaching 27.8 thousand in China in 2024. The following chart illustrates number of approved drugs in China and globally and treatment comparisons for KRAS^{G12C}-mutated NSCLC as of the Latest Practicable Date:

Number of approved drugs and treatment comparisons in KRAS^{G12C}+ NSCLC, as of the Latest Practicable Date

MoA	No. of approved drugs in China	No. of approved drugs globally	Representative drugs	Target	Company	NRDL	Approval in China	Approval in the U.S.	Advantages	Limitations
Targeted therapies	4	2	Sotorasib Lumakras®	KRAS ^{G12C}	Amgen	-	No	Yes	• Specific inhibitors directly target KRAS ^{G12C} mutation • Improved understanding of KRAS-driven tumor biology • Potential for combination with immunotherapy to enhance efficacy	• Resistance develops with prolonged use • Currently approved mainly as second-line treatment • Limited overall survival benefit shown vs chemotherapy in some trials
			Adagrasib Krazati®	KRAS ^{G12C}	BMS	-	No	Yes		
			Fulzerasib 达伯特®	KRAS ^{G12C}	Genfleet/Innovent	Yes	Yes	No		
			Garsorasib 安方寧®	KRAS ^{G12C}	CITQ	Yes	Yes	No		
			Glecirasib 艾瑞凱®	KRAS ^{G12C}	Jacobio/Allist	Yes	Yes	No		
			Sosimerasib 濟樂美®	KRAS ^{G12C}	Jeyou	No	Yes	No		
Immunotherapy ²	16	12	Pembrolizumab Keytruda®/可瑞達®	PD-1	Merck	No	Yes	Yes	• Offers survival benefits, especially with high PD-L1 expression • Can be combined with chemotherapy for additive effect	• Efficacy affected by KRAS co-mutations (e.g., STK11, KEAP1) • Some KRAS mutations (e.g., G12D) may respond less well • Immune-related adverse effects may occur
			Nivolumab Opdivo®/歐狄沃®	PD-1	BMS	No	Yes	Yes		
Chemotherapy	— ¹	— ¹	Docetaxel Taxotere®/泰索帝®	-	Sanofi	Yes	Yes	Yes	• Effective for rapid tumor burden reduction • Often combined with immunotherapy in KRAS ^{G12C} NSCLC patients for better outcomes	• Non-specific, toxic side effects • Resistance and relapse common • Limited efficacy as monotherapy in KRAS ^{G12C} mutant tumors

Notes:

- (1) The approval number is not readily estimable, as certain chemotherapy agents are used based on guidelines or established clinical practice rather than indication-specific approvals;
- (2) The immunotherapy has been approved for the indication of NSCLC, rather than specifically for KRAS G12C-mutant NSCLC.

Source: NMPA, FDA, EMA, PMDA, CIC

INDUSTRY OVERVIEW

KRAS targeted Drug and Market Size of NSCLC KRAS^{G12C} Therapies

In 2024, there were approximately 973.2 thousand newly diagnosed NSCLC in China and 2,208.5 thousand globally. KRAS-mutant NSCLC accounted for 100.2 thousand (about 10.3%) cases in China, and 468.2 thousand cases (about 21.2%) globally.

In 2024, the incidence of KRAS^{G12C}-mutated NSCLC cases were 43.4 thousand (4.5% of NSCLC incidence) in China and 199.0 thousand (9.0% of NSCLC incidence) globally. These figures indicate a higher overall prevalence of KRAS-mutant NSCLC and a higher share of the G12C subtype globally than in China, suggesting regional differences in molecular profiles and treatment opportunities.

Globally, the first KRAS^{G12C} inhibitors for KRAS^{G12C}-mutated NSCLC were approved in 2021. Since then, the market has grown steadily, reaching US\$285.0 million in 2022 and growing to US\$476.0 million by 2024. In 2024, China's first KRAS^{G12C} inhibitor was officially approved, while the Chinese market size was approximately US\$1.9 million in 2024, which remained relatively small compared to the global market.

The global market is projected to expand significantly, reaching approximately US\$1,207.9 million by 2028, while the Chinese market is expected to also experience rapid growth, reaching US\$100.2 million by 2028, representing a CAGR of 169.5% from 2024 to 2028. This projection highlights the significant commercial opportunity and accelerating adoption of KRAS^{G12C}-targeted therapies in China over the coming years.

Market Drivers and Future Trends of NSCLC KRAS^{G12C} Mutation Drug Market

- Increasing adoption of molecular testing for KRAS mutations. The growing adoption of comprehensive molecular testing, including next-generation sequencing (NGS), has improved the identification rate of patients with KRAS^{G12C} mutations in NSCLC. Broader testing coverage and increasing physician awareness have expanded the addressable patient population eligible for KRAS^{G12C}-targeted therapies.
- Currently approved KRAS^{G12C} inhibitors in China are primarily indicated for second-line or later-line treatment following disease progression on standard therapies. Ongoing clinical development programs are evaluating the use of KRAS^{G12C} inhibitors in earlier-line settings, including first-line monotherapy and combination regimens. If successfully developed and approved, such label expansions are expected to significantly expand the eligible patient population and further drive market penetration and commercial growth.

Favorable Regulatory Environment Supporting Innovative Drug Development in China

- Accelerated regulatory pathways for innovative drugs: Recent regulatory reforms in China have streamlined the review and approval process for innovative drug clinical trial applications, shortening review timelines to approximately 30 working days and strengthened early communication between sponsors and regulators, improving development efficiency and time to market.
- Enhanced full-lifecycle support for first-in-class innovative drugs: In 2026, Chinese regulatory authorities announced strengthened full-lifecycle support measures for innovative drugs with novel mechanisms of action or novel targets. Such measures cover clinical development, regulatory review and approval processes, with the objective of promoting earlier market entry and encouraging original innovation within China's pharmaceutical industry.

Clinical Value of Combining KRAS and PD-1 Inhibitors

KRAS^{G12C} inhibitors have validated KRAS as a clinical druggable target. Various combination strategies involving KRAS^{G12C} inhibitors and other agents—such as PD-(L)1, SHP2, EGFR, and MEK inhibitors—are being actively explored in clinical trials for improved clinical efficacy. Among these, the combination of KRAS^{G12C} inhibitors with PD-1 inhibitors has demonstrated particularly promising efficacy in patients with KRAS^{G12C}-mutated NSCLC.

INDUSTRY OVERVIEW

Pipeline Comparison of KRAS Targeted Drugs

The following table summarizes global approved KRAS targeted drugs with the indication of solid tumor as of the Latest Practicable Date:

Global approved KRAS targeted drug with the indication of solid tumor

Product	MOA	Company	Indication	Initial Approval Date	Dosage	Price in US and China
Sotorasib (LUMAKRAS®)	KRAS ^{G12C}	Amgen	• KRAS G12C-mutated locally advanced or metastatic NSCLC who have received at least one prior systemic therapy	FDA: 2021.05 EMA: 2021.11 PMDA: 2022.01	960mg QD	US: ~23,000 USD per month
Adagrasib (KRAZATI®)		BMS	• KRAS G12C-mutated locally advanced or metastatic CRC who have received prior chemotherapy	FDA: 2022.12 EMA: 2024.01	600mg BID	US: ~22,500 USD per month
Fulzerasib (達伯特®)		Genfleet/Innovent		NMPA: 2024.08	600mg BID	China: ~12,400 RMB per month
Garsorasib (安方寧®)		InventisBio	• KRAS G12C-mutated Locally Advanced or Metastatic NSCLC who have received at least one prior systemic therapy	NMPA: 2024.11	600mg BID	China: ~10,980 RMB per month
Glecirasib (艾瑞凱®)		Jacobio/Allist		NMPA: 2025.05	800mg QD	China: ~12,000 RMB
Sosimerasib (濟樂美®)		Jemincare		NMPA: 2026.02	N/A	N/A

Source: Company website, NMPA, FDA, EMA, PMDA, CIC

The following table summarizes pipelines and the total number of KRAS^{G12C}-targeted drug candidates for solid tumors registered with the CDE in China as of the Latest Practicable Date. As of the same date, there were 17 such candidates with active registered clinical-stage development in China, including certain approved drugs that were subject to ongoing confirmatory, combination or indication-expansion studies.

Pipelines of KRAS^{G12C} Targeted Drugs for Solid Tumors, CDE-registered

Candidate	Company	Indication	Treatment Line	Phase	First Posted Date	Trial Number
Adagrasib	BMS/Zai Lab	NSCLC with KRAS ^{G12C} mutation	2L+	III	2022-05-31	CTR20221262
		NSCLC with KRAS ^{G12C} mutation (combo with cetuximab)	2L+	III	2022-02-09	CTR20220199
		NSCLC with KRAS ^{G12C} mutation (combo with pembrolizumab)	1L	III	2024-03-27	CTR20240835
Divarasib	Roche	NSCLC with KRAS ^{G12C} mutation	2L+	III	2022-10-11	CTR20222238
		NSCLC with KRAS ^{G12C} mutation (combo with pembrolizumab)	1L	II	2023-12-05	CTR20233972
Garsorasib ¹	InventisBio	NSCLC with KRAS ^{G12C} mutation	2L+	III	2024-01-11	CTR20240098
		Non-squamous NSCLC with KRAS ^{G12C} mutation (combo with IN10018)	1L	III	2025-08-18	CTR20253319
		NSCLC, CRC and other solid tumors with KRASG12C mutation (Monotherapy, or combo with cetuximab)	2L+	II	2021-12-01	CTR20212920
Sotorasib	Amgen	NSCLC with KRAS ^{G12C} mutation and PD-L1 negative (combo with chemotherapy)	1L	III	2024-03-05	CTR20240724
Glecirasib	Jacobio/Allist	PC with KRAS ^{G12C} mutation	2L+	II	2023-08-18	CTR20232444
MK-1084	MSD	NSCLC with KRAS ^{G12C} mutation and PD-L1 TPS≥50% (combo with pembrolizumab)	1L	III	2024-06-27	CTR20242278
Olmorasib	Eli Lilly	NSCLC with KRAS ^{G12C} mutation (combo with pembrolizumab, or chemotherapy)	1L/2L+	III	2024-08-06	CTR20242544
		NSCLC with KRAS ^{G12C} mutation (combo with pembrolizumab, durvalumab)	2L+	III	2025-03-21	CTR20250763
HJ891	Our company	Non-squamous NSCLC with KRAS ^{G12C} mutation (combo with Toripalimab)	1L/2L+	Ib/III	2024-01-08	CTR20240054
		NSCLC	-	I Ib	2023-05-04	CTR20231351
HRS-7058	Suncadia	Advanced solid tumors	-	II	2025-04-10	CTR20251267
ZG19018	Zelgen	Advanced solid tumors with KRAS ^{G12C} mutation	2L+	I/II	2022-02-15	CTR20202096
D3S-001	D3 Bio	Advanced solid tumors with KRAS ^{G12C} mutation (Monotherapy, or combo with pembrolizumab, cetuximab, or chemotherapy)	-	I/II	2022-10-21	CTR20222546
HYP-2090PTSA	Huiyu	Advanced solid tumors with KRAS ^{G12C} mutation	-	I/II	2023-12-22	CTR20234061
SY-5933	Shouyao Holdings	Advanced solid tumors with KRAS ^{G12C} mutation (combo with conteltinib)	-	I/II	2025-04-30	CTR20251745
Fulzerasib	Innovent	CRC with KRAS ^{G12C} mutation (combo with cetuximab)	-	Ib/III	2022-08-09	CTR20221972
		Non-squamous NSCLC with KRAS ^{G12C} mutation (combo with chemotherapy)	-	Ib/III	2022-09-14	CTR20221975
		Advanced solid tumors with KRAS ^{G12C} mutation	-	I/II	2021-08-12	CTR20211933
GEC255	generosbio	Advanced solid tumors with KRAS ^{G12C} mutation	-	I	2021-10-22	CTR20212486
HS-10370	Hansoh	Advanced solid tumors with KRAS ^{G12C} mutation	-	I	2022-03-28	CTR20220710
BEBT-607	BeBetter Med	Advanced solid tumors with KRAS ^{G12C} mutation	2L+	I	2023-06-14	CTR20231811

Note:

- (1) Garsorasib received conditional NMPA approval in November 2024 for previously treated KRAS G12C-mutated NSCLC based on its pivotal phase II data, while ongoing the phase III trial are being conducted to provide the clinical evidence required to convert this into a full approval

Source: CDE, CIC

INDUSTRY OVERVIEW

HCC

Overview

Primary liver cancer (PLC), which includes HCC, intrahepatic cholangiocarcinoma (ICC), and combined hepatocellular-cholangiocarcinoma (cHCC-CCA), is a malignant tumor originating from liver cells or intrahepatic bile duct epithelium. HCC is the predominant subtype, accounting for approximately 90% of liver cancer cases.

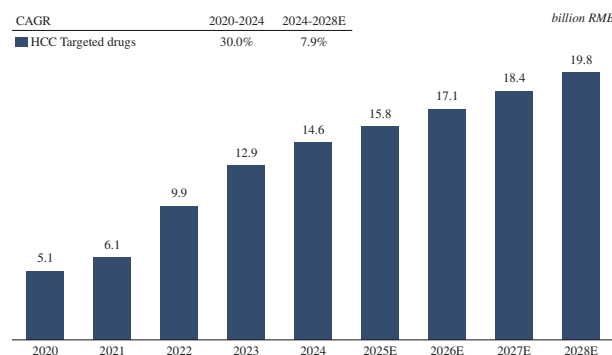
Liver cancer poses a significant global health burden, with over one million new cases expected by 2025. It has particularly high incidence in Asia, with approximately 75% of cases occurring in the region, and China alone accounting for approximately half of the global total. Chronic infection with hepatitis B or C viruses is the leading cause of HCC, with over 90% of cases developing against a background of chronic liver disease. Notably, around 70% of PLC cases are diagnosed at an advanced stage, and the five-year survival rate remains low—26-50% in China and 14% in the United States.

HCC Incidence and Market Size of targeted-drugs

The global incidence of HCC was approximately 691 thousand cases in 2024, of which approximately 307 thousand occurred in China. Although the incidence is expected to decline, likely driven by improved hepatitis prevention and early screening efforts, continued introduction of innovative therapies specifically targeting HCC, the market is expected to support market recovery and steady growth.

The diagram below illustrates the historical and projected market size of HCC targeted therapies in China from 2020 to 2028:

Market size of HCC targeted-drugs in China, 2020-2028E



Source: NMPA, Chinese Society of Clinical Oncology, CIC

Traditional treatments for HCC, surgery, liver transplantation, and chemotherapy, have limited effectiveness, especially in advanced stages. Targeted therapies enable a more effective, personalized approach. Immunotherapies (PD-1/PD-L1 inhibitors) and tyrosine kinase inhibitors (TKIs) such as sorafenib, lenvatinib, and regorafenib have improved survival in advanced HCC, leading to wider adoption in Chinese clinical practice. The approval of combination regimens that pair immune checkpoint inhibitors with TKIs is further accelerating market growth. Looking ahead, steady expansion is expected, driven by newly launched TKIs with novel targets (e.g., FGFR, GPC-3), broader use of TKI-immunotherapy combinations, and a shift toward chronic disease management that supports longer survival.

INDUSTRY OVERVIEW

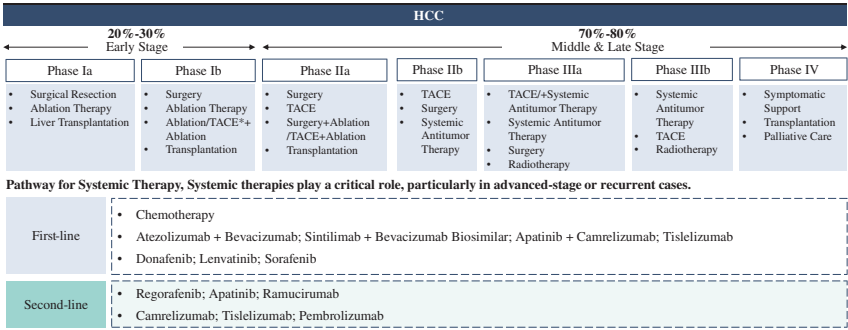
Treatment and Unmet Clinical Need

Systemic therapies for HCC include chemotherapy, immunotherapy-based combinations and targeted small molecules in the first-line setting, and targeted therapies and immunotherapies in the second-line setting. Although surgical resection remains the primary treatment approach, recurrence occurs in 60-70% of patients within five years, underscoring the importance of systemic therapies in advanced or recurrent disease.

Although HCC involves multiple gene mutations, few actionable driver mutations have been identified. Existing targeted therapies mainly act on VEGF/VEGFR pathways, which limits overall efficacy, while immunotherapy has shown modest efficacy, with ORR typically below 30%.

The following chart illustrates treatment pathways for HCC:

Treatment Pathway for Hepatocellular Carcinoma



Note: TACE: transarterial chemoembolization
Source: CSCO 2024, CIC

As of the Latest Practicable Date, no FGFR4 inhibitors had been approved in China. Apart from FGFR4 inhibitors, the alternative treatment of FGFR4 overexpressed HCC include chemotherapy, VEGFR inhibitors, and immunotherapy, with a targeting patient population of second-line HCC reaching 6.6 thousand in China in 2024. The following chart compares treatment options for HCC:

MoA	No. of approved drugs in China	No. of approved drugs globally	Representative drugs	Target	Company	NRDL	Approval in China	Approval in the U.S.	Advantages	Limitations
Chemotherapy	1	1	FOLFOX4	-	/	Yes	Yes	Yes	<ul style="list-style-type: none">Usually cheaperWorks in most casesEffectively inhibit metastasisMay have faster response	<ul style="list-style-type: none">Have a long list of side effects including GI reactions, bone marrow function inhibition, liver and kidney damage, alopecia and neuro toxicity
Targeted drugs	8	6	Bevacizumab Avastin®/安维汀® Ramucirumab Cyramza®/希再择® Lenvatinib Lenvima®/乐衛玛® Cabozantinib Cabometyx®	VEGFA VEGFR2 VEGFR1/2/3; FGFR1/2/3/4; PDGFRα; RET; KIT MET, RET, AXL, VEGFR2, FLT3, c-KIT	Roche Eli Lilly/Innovent Eisai Exelixis	Yes No Yes -	Yes Yes Yes -	Yes Yes Yes Yes	<ul style="list-style-type: none">Highly targeted, less damage towards normal cells, controllable side effectsEffective when against cancer with certain genotype	<ul style="list-style-type: none">Mutations in cancer cells may cause drug toleranceMay cause adverse events such as hand-foot skin reaction and fatigueNot curative for most advanced cases
Immunotherapy	12	10	Pembrolizumab Keytruda®/可瑞达® Tremelimumab Imjudo®/英卓凡® Ipilimumab Yervoy®/逸沃® Fintoonlimab 安佑平® Tislelizumab 百澤安®	PD-1 CTLA-4 CTLA-4 PD-1 PD-1	Merck AZ BMS SinoCelltech Beigene	No - No Yes Yes	Yes Yes Yes Yes Yes	Yes Yes Yes - -	<ul style="list-style-type: none">May have effect over a longer period of timeMay cause less damage towards normal cells	<ul style="list-style-type: none">Rely on patients' own immune system, in the whole patients group the overall response rates remain modestMay cause immune-related adverse events

Notes: VEGFA: vascular endothelial growth factor A; VEGFR2: vascular endothelial growth factor receptor 2; VEGFR: vascular endothelial growth factor receptor; FGFR: fibroblast growth factor receptor; PDGFRα: platelet-derived growth factor receptor alpha; RET: rearranged during transfection; KIT: KIT proto-oncogene receptor tyrosine kinase; MET: mesenchymal-epithelial transition factor; AXL: AXL receptor tyrosine kinase; EGFR2: epidermal growth factor receptor 2; FLT3: Fms-like tyrosine kinase 3; FOLFOX4: folinic acid, fluorouracil, and oxaliplatin regimen 4

(1) The approval number is not readily estimable, as certain agents are used based on guidelines or established clinical practice rather than indication-specific approvals

Source: NMPA, FDA, EMA, PMDA, CIC

INDUSTRY OVERVIEW

Competitive Landscape of HCC Targeted Drugs

The following table sets forth marketed HCC targeted drugs candidates approved by the NMPA in China as of the Latest Practicable Date:

Overview of marketed HCC targeted drugs approved by NMPA, as of the Latest Practicable Date

Generic name	Brand name	Original MAH	Target	Mono/Combo	Treatment line	NMPA approval	Efficacy	NRDL status	Month spending
Sorafenib	Nexavar® 多吉美®	Bayer	CRAF; BRAF; c-KIT; FLT3; VEGFR1/2/3; PDGFRα/β	Mono	1L	2006	SHARP ORR: 2%; DCR: 43% mTTP: 5.5 months mOS: 10.7 months	Yes	RMB ~10,000
Lenvatinib	Lenvima® 樂衛瑪®	Eisai	VEGFR1/2/3; FGFR1/2/3/4; PDGFRα; RET; KIT	Mono	1L	2018	REFLECT ORR: 24.1% mPFS: 7.4 months mOS: 13.6 months	Yes	RMB ~7,500
Donafenib	Zepson® 澤普生®	Suzhou Zelgen	VEGFR; PDGFR; RAF	Mono	1L	2021	ZGDH3 ORR: 4.6%; DCR: 30.8% mPFS: 3.7 months mOS: 12.1 months	Yes	RMB ~6,000
Regorafenib	Stivarga® 拜萬戈®	Bayer	VEGFR1/2/3; TIE2; FGFR1/2; KIT; BRAF; RET; PDGFRα/β	Mono	2L	2017	RESFORCE ORR: 11% mPFS: 3.1 months mOS: 10.6 months	Yes	RMB ~15,000
Ramucirumab	Cyramza® 希再擇®	Eli Lilly	VEGFR2	Mono	2L	2022	REACH-2 ORR: 4.6% mPFS: 2.8 months mOS: 8.5 months	No	RMB ~30,000
Apatinib	Aitan® 艾坦®	Jiangsu Hengrui	VEGFR2	Mono	2L	2020	AHELP ORR: 10.7% mPFS: 4.5 months mOS: 8.7 months	Yes	RMB 3,000~9,500
				Combo with camrelizumab	1L	2023	CARES-310 ORR: 25.4% mPFS: 5.6 months mOS: 23.8 months		
Anlotinib	福可維®	CHIA TAI TIANQING	KIT; VEGFR; PDGFR; FGFR	Combo with penpulimab	1L	2025	APOLLO mPFS: 6.9 months mOS: 16.5 months	No	RMB ~6,800
Bevacizumab	安維汀®	Roche	VEGFA	Combo with atezolizumab	1L	2020	IMbrave150 mPFS: 6.8 months mOS: 19.2 months	Yes	RMB ~2,500

Notes: CRAF: RAF proto-oncogene serine/threonine kinase; RET: rearranged during transfection; BRAF: B-Raf proto-oncogene serine/ threonine kinase; c-Kit: KIT proto-oncogene receptor tyrosine kinase; FLT3: Fms-like tyrosine kinase 3; VEGFR: vascular endothelial growth factor receptor; PDGFR: platelet-derived growth factor receptor; RAF: rapidly accelerated fibrosarcoma; TIE2: tyrosine kinase with immunoglobulin and EGF-like domains 2; VEGFA: vascular endothelial growth factor A

Source: NMPA, CIC

Overview of FGFR4 Inhibitors

The fibroblast growth factor receptor (FGFR) family comprises four transmembrane receptor tyrosine kinases: FGFR1, FGFR2, FGFR3, and FGFR4. Aberrations in FGFRs, including gene amplification, fusion, and mutation, occur in approximately 5% to 10% of all human cancers and are recognized as key oncogenic drivers. Among FGFRs, FGFR4 signals primarily through selective binding to its ligand FGF19. High co-expression of FGF19 and FGFR4 is associated with poor prognosis across multiple cancer types, such as breast cancer, pancreatic cancer, and NSCLC. In HCC, aberrant activation of the FGF19-FGFR4 signaling axis is a key oncogenic pathway, making FGFR4 a promising therapeutic target.

Through its interaction with FGF19, FGFR4 activates downstream signaling pathways that regulate cell proliferation, differentiation, migration, and survival. FGFR4 amplification has been detected in several cancers, notably gastric cancer and melanoma, but is most commonly observed in HCC. It is estimated that approximately 50% of HCC cases exhibit FGFR4 overexpression, representing around 300,000 new cases globally each year, including about 150,000 annually in China. Despite its clinical relevance, no highly selective FGFR4 inhibitors have been approved globally to date.

Market Size of FGFR4-selective inhibitors in China

FGFR4 is considered one of the most promising therapeutic targets for HCC. However, to date, no FGFR4-selective inhibitor has received regulatory approval globally, although several candidates are currently undergoing clinical development. Given that approximately 50% of HCC patients exhibit FGFR4 overexpression, a selective FGFR4 inhibitor has the potential to become a treatment option. Following its initial approval, the market is expected to expand rapidly. Specifically, the market for FGFR4-targeted therapies is projected to grow at a CAGR of 54.5% from 2028 to 2032.

INDUSTRY OVERVIEW

FGFR4 is one of the most promising targets in HCC, yet no FGFR4 selective inhibitor has been approved globally to date, although several are in clinical trials. Targeting FGFR4 offers a novel approach that addresses a key treatment gap in tumors with limited responses to existing therapies. In advanced HCC, resistance to current treatments often limits long term survival; FGFR4 selective inhibitors may help overcome resistance and provide a more precise option to improve outcomes. Given the scarcity of effective targeted drugs, market penetration for FGFR4 inhibitors is expected to begin at about 4% and rise to roughly 20% by 2032.

Competitive Landscape of innovative FGFR4-selective inhibitors in China

The table below provides an overview of the pipelines of innovative FGFR4-selective inhibitors for the treatment of HCC, registered with the CDE as of the Latest Practicable Date:

Clinical pipelines of innovative FGFR4-selective inhibitors, CDE-registered

Drug name	Target	Treatment Line	Company	Phase	Indication	First Posted Date	Trial Number
Irpagratinib	FGFR4	2L+	Abbisko Pharma	Ph II pivotal	Advanced or unresectable HCC	2025-04-16	CTR20251382
HJ197	FGFR4	2L+	Our company	Phase III enabling	Advanced HCC	/	/
BB102	FGFR4	2L+	Broden Bio	II	Advanced or unresectable HCC	2025/11/25	CTR20254460
Fisogatinib	FGFR4	–	CStone Pharma/ Blueprint Medicine	Ib/II	Advanced HCC	2019/11/27	CTR20190180
SY-4798	FGFR4	2L+	Shouyao Holdings	I	Advanced solid tumors, including HCC	2021/4/14	CTR20210550

Source: official website, CDE, CIC

SOURCE OF INFORMATION

In connection with the [REDACTED], we have commissioned CIC, an Independent Third Party, to conduct a detailed analysis and to prepare an industry report on the relevant global and PRC drug markets. The CIC Report has been prepared by CIC independent from our influence. We have agreed to pay CIC a fee of RMB580,000 for the preparation of the CIC Report which we consider is in line with the market rates. Except as otherwise noted, all data and forecasts in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information disclosed in this section.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including but not limited to the National Bureau of Statistics, the NMPA, the FDA, National Health Commission of the People’s Republic of China, the International Monetary Fund, World Health Organization. The market projections in the commissioned report are based on the following key 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; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the major PRC regulatory authorities and PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

PRINCIPAL REGULATORY AUTHORITIES

NMPA and Center for Drug Evaluation

National Medical Products Administration (國家藥品監督管理局) (formerly known as the China Food and Drug Administration (國家食品藥品監督管理總局) (the “CFDA”)) (the “NMPA”) is the department in charge of the pharmaceutical industry of China. It is primarily responsible for supervision and management of safety of pharmaceuticals, medical devices and cosmetics, including drawing up the relevant laws and regulations; conducting standard management, registration management, 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 and etc.

Center for Drug Evaluation, NMPA (國家藥品監督管理局藥品審評中心) (the “CDE”) is the technical evaluation unit for drug registration with NMPA. It is primarily responsible for conducting technical evaluation on the drugs application for registration and verifying the relevant drug registrations.

NHC

The National Health Commission (國家衛生健康委員會) (formerly known as the National Health and Family Planning Commission (國家衛生和計劃生育委員會)) (the “NHC”), is primary national regulator for national public health and medical system.

It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services and etc.

NHSA

The National Healthcare Security Administration (國家醫療保障局) (the “NHSA”), a new authority established in May 2018, is directly under the State Council and responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; and etc.

PRINCIPAL REGULATORY PROVISIONS

Laws and Regulations on New Drugs

Research and development of new drugs

The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the “Drug Administration Law”) promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in September 1984, last amended on August 26, 2019 and became effective on December 1, 2019, and the Implementation Regulations of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) (the “Implementation Regulations”) promulgated by the State Council in August 2002 and last amended on December 6, 2024 and became effective on January 20, 2025, have laid down the legal framework for the establishment and maintenance of pharmaceutical manufacturing and trading enterprises. The developer and clinical trial applicant of any new drug shall truthfully submit the new drug’s manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and samples to the NMPA for approval before any clinical trial is conducted.

The General Office of the State Council and the General Committee of China Communist Party jointly issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見) (the “Innovation Opinions”) on October 2017.

REGULATORY OVERVIEW

Non-clinical research

The non-clinical safety evaluation study for drugs for the purpose of applying for drug registration shall be conducted in accordance with the Administrative Measures for Good Laboratories Practice (《藥物非臨床研究質量管理規範》), which was promulgated in August 2003 and amended in July 2017 by the CFDA and became into effective on September 1, 2017. In April 2007, the CFDA issued the Circular on Measures for Certification of Good Laboratory Practice (《藥物非臨床研究質量管理規範認證管理辦法》), last amended on January 19, 2023 and taking effect on July 1, 2023, which set forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake non-clinical research on drugs.

Animal Testing

According to the Regulations for the Regulation on Administration of Experimental Animals (《實驗動物管理條例》) issued by the State Scientific and Technological Commission on November 14, 1988 and last amended by the State Council on March 1, 2017, the Administrative Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly issued by the State Scientific and Technological Commission and the State Bureau of Quality and Technical Supervision on December 11, 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)》) issued by the Ministry of Science and Technology and other regulatory authorities on December 5, 2001 and effective from January 1, 2002, using, breeding, providing, transporting experimental animals shall be subject to some rules and requirements, and performing experimentation on animals requires a Certificate for Use of Experimental Animals.

Application for clinical trial

According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017, the decision on the approval of clinical trials of drugs shall be made by the CDE from May 1, 2017. According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the “Circular 27”), which was promulgated on January 22, 2020 and took effect on July 1, 2020, drug clinical trials shall be divided into Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial, and bioequivalence trial. In accordance with Circular 27 and the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, if a clinical trial applicant does not receive any negative or questioned opinions from the CDE within 60 days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE.

After obtaining the approval of clinical trial from the NMPA, the applicant must complete the clinical trial registration at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Circular on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013.

Conduct of clinical trial

Such clinical trial institutions shall be subject to filing requirements, with the exception of institutions that only engage in analysis of biological samples which shall not be subject to such filing requirements. The NMPA is responsible for setting up a filing management information platform for the registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information from the supervision and inspection activities conducted by the drug regulatory authorities and competent healthcare authorities.

Clinical trials must be conducted in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) promulgated by NMPA and NHC on April 23, 2020 and effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including preclinical trial preparation, trial protocols, protection of testees’ rights and interests, duties of researchers, sponsors and monitors, as well as data management and statistical analysis.

REGULATORY OVERVIEW

According to the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of new drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for communication meetings to CDE to discuss with CDE the key technical questions including the design of Phase III clinical trial protocol. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》), revised by the NMPA on December 10, 2020, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE.

According to the Announcement on Matters Concerning the Optimization of Drug Registration Review and Approval (關於優化藥品註冊審評審批有關事宜的公告) jointly issued by the NMPA and the NHC on May 17, 2018, the CDE will prioritize the allocation of resources for review, inspection, examination and approval of registration applications that have been included in the scope of fast track clinical trial approval.

New drug registration

Pursuant to Circular 27, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes and completion of other related preparation works, the applicant may apply with the NMPA for the marketing authorization.

Pursuant to the Review and Approval Procedures for Conditional Approval of Drug Marketing Applications (Trial) (《藥品附條件批准上市申請審評審批工作程序(試行)》), promulgated by the NMPA on July 7, 2020 and came into effect on the same day, for applications for a conditional approval, the applicant shall communicate with the CDE on the conditional approval criteria for marketing and the post-marketing research work to be continued and completed.

On July 8, 2025, the NMPA published the Review and Approval Procedures for Conditional Approval of Drug Marketing Applications (Trial) (Revised Draft for Comment) (the “**Revised Draft**”), seeking public feedback till August 7, 2025. The Revised Draft refines the approval procedures by clarifying that the period for completing post-marketing research shall not exceed four years in principle, requiring annual progress reports on conditional studies following the conditional approval, and clarifying conditions for conversion to regular approval and circumstances of revoking drug registration certificates.

Under the draft revised Procedures for Review and Approval of Applications for Conditional Marketing Approval of Drugs, a sponsor must submit an application for conditional marketing approval along with all required supporting materials. When conditional approval is based on early phase clinical data, the sponsor must also provide evidence that the confirmatory study has been initiated (when the first subject signed informed consent form). Any required post-approval confirmatory studies will generally be completed within four years of conditional approval.

The revised draft Procedures for Review and Approval of Applications for Conditional Marketing Approval of Drugs that was published by the NMPA in July 2025 strengthens lifecycle oversight of conditionally approved drugs while ensuring patient access to urgently needed therapies for serious diseases lacking effective treatment options. The draft, released for public comment on July 8, 2025, introduces stricter requirements including proof of confirmatory study initiation before approval, prohibits marketing authorization holder changes during the conditional period, establishes a four-year validity limit with one extension option, and mandates sales suspension upon certificate expiry while allowing continued treatment for patients with no alternatives. Key revisions include a “conditional waiver” mechanism enabling generics to bypass conditional indications, enhanced cancellation triggers for failed studies or unfavorable risk-benefit profiles, and streamlined conversion procedures to regular approval upon completion of confirmatory studies.

REGULATORY OVERVIEW

Marketing Authorization Holder Mechanism

Pursuant to the Drug Administration Law, China implements the marketing authorization holder mechanism for management of the drug industry. The marketing authorization holders may manufacture drugs by themselves or entrust a pharmaceutical manufacturing enterprise to manufacture drugs. Likewise, they may sell drugs by themselves or entrust a pharmaceutical distribution enterprise to sell drugs. The drug marketing authorization holder shall establish a drug quality assurance system and be equipped with special personnel to take charge of quality management on drugs independently.

Laws and Regulations on Gathering, Collection and Filing of Human Genetic Resources

On June 10, 1998, the Ministry of Science and Technology (the “MOST”) and the Ministry of Health (the “MOH”, which was canceled in the institutional reform of the State Council in 2013, its functions were first inherited by the National Health and Family Planning Commission and then by the NHC, which was established in 2018) promulgated the Interim Measures for the Management of Human Genetic Resources (《人類遺傳資源管理暫行辦法》), which sets out rules for the protection and use of human genetic resources in China. Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the MOST on July 2, 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、出境行政許可的通知》) promulgated by the MOST on August 24, 2015, the gathering and collection of human genetic resources through clinical trials by a foreign-invested sponsor shall be filed for record with the China Human Genetic Resources Management Office through an online system.

Pursuant to the Regulations on the Management of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》), last amended by the State Council on March 10, 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. The Implementing Rules of the Regulation on the Administration of Human Genetic Resources (《人類遺傳資源管理條例實施細則》), which was promulgated by the MOST on May 26, 2023 and became effective on July 1, 2023, further provides specific requirements on the collection, preservation, utilization and external provision of China’s human genetic resources.

The Biosecurity Law of the PRC (《中華人民共和國生物安全法》) (the “Biosecurity Law”), which was promulgated by SCNPC on October 17, 2020 and last amended on April 26, 2024, 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 microbial laboratories, security management of human genetic resources and biological resources, countermeasures for microbial resistance, and prevention of bioterrorism and defending threats of biological weapons.

Laws and Regulations on the Manufacturing of Drugs

Drug Manufacturing Certificate

Pursuant to the Drug Administration Law and the Implementing Regulations, a drug manufacturer must obtain a Drug Manufacturing Certificate (藥品生產許可證) from the drug regulatory authority at provincial, autonomous regional or municipal level before it may start manufacturing drugs in the PRC.

REGULATORY OVERVIEW

Contract manufacturing of drugs

Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) (the “Contract Manufacturing Regulations”) issued by the CFDA in August 2014, only when a drug manufacturer temporarily lacks manufacturing conditions due to technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, can such drug manufacturer entrust the manufacturing of the drug to another domestic drug manufacturer. The Administrative Measures on Supervision of Drug Manufacturing (《藥品生產監督管理辦法》) (the “Revised Administrative Measures of Drug Manufacturing”) promulgated by the State Administration for Market Regulation on January 22, 2020 and effective on July 1, 2020 further implements the drug marketing authorization holder system as stipulated in the Drug Administration Law.

Laws and Regulations on Drug Supply

Drug Purchases by Hospitals

According to the Opinion on the Guidance of the Reform of Urban Medical and Health Care System (《關於城鎮醫藥衛生體制改革的指導意見》) promulgated and took into effect on February 16, 2000 and the Opinion on the Implementation of Classification Management of Urban Medical Institutions (《關於城鎮醫療機構分類管理的實施意見》) promulgated on July 18, 2000 and became effective from September 1, 2000, a medical institution must be defined as a profit-making or non-profit-making institution at the time when it is established.

According to the Notice on the Trial Implementation of the Centralized Tender with Respect to Drug Purchases by Medical Institutions (《關於印發醫療機構藥品集中招標採購試點工作若干規定的通知》) promulgated and became effective on July 7, 2000, the Notice on the Further Standardizing of the Centralized Tender with respect to Drug Purchases By Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated and became effective on July 23, 2001 and the Opinions concerning Further Regulating Purchase of Medicines by Medical Institutions through Centralized Tendering (《進一步規範醫療機構藥品集中採購工作的意見》) promulgated and took into effect on January 17, 2009, any non-profit-making medical institutions established and/or controlled by any government at a county level or above must implement the centralized tender system in respect of purchase of any drugs which are contained in the Medicines List for National Basic Medical Insurance and are generally used for clinical purposes and purchased in relatively large amount.

The Circular on the Good Practice of Medical Institutions with respect to Centralized Procurement of Drugs (《醫療機構藥品集中採購工作規範》) promulgated and was effective on July 7, 2010, provides stipulations in detail in respect of the catalog for centralized procurement and methods, procedures, evaluators, expert database construction and management of drugs, further regulating the centralized drug procurement and clarifying the code of conduct on the part of purchasing parties. According to the Guidance Opinion of the General Office of the State Council on the Improvement of the Drug Centralized Procurement Work of Public Hospitals (《國務院辦公廳關於完善公立醫院藥品集中採購工作的指導意見》) promulgated and came into effect on February 9, 2015, the centralized procurement work of public hospitals will be improved through the classification purchase of drugs.

Two-invoice System

According to the Circular on Issuing the Implementing Opinions on Carrying out the Two-invoice System for Drug Procurement among Public Medical Institutions (for Trial Implementation) (《印發<關於在公立醫療機構藥品採購中推行“兩票制”的實施意見(試行)>的通知》) (the “Circular”), which was effective from December 26, 2016, the two-invoice system means one invoice between the pharmaceutical manufacturer and the pharmaceutical distributor, and one invoice between the pharmaceutical distributor and the hospital, and thereby only allows a single level of distributor for the sale of pharmaceutical products from the pharmaceutical manufacturer to the hospital.

REGULATORY OVERVIEW

Commercial Briberies in Pharmaceutical Industry

According to the Regulations on the Establishment of Adverse Records with Respect to 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》) promulgated in January 19, 2007 and amended in December 25 2013, effective on March 1, 2014, where a manufacturer of drugs, medical devices and medical disposables, an enterprise, an agency or an individual offers staff of a medical institution any items of value or other benefits, the enterprise should be listed in the adverse records with respect to commercial bribery in the event of the following circumstances: (1) where the act has constituted a crime of bribery as determined by the ruling of a people’s court, or where the circumstance of crime is not serious enough for the imposition of criminal punishment and criminal punishment is exempted as decided by the people’s court in accordance with the Criminal Law; (2) where the circumstance of the crime of bribery is minor and the relevant people’s procuratorate has decided not to lodge a prosecution; (3) where a discipline inspection and supervision authority has initiated a case of bribery and conducted investigation, and punishment has been imposed in accordance with the law; (4) where administrative penalties against the act of bribery have been imposed by, inter alia, the finance administration, the SAMR, the NMPA; (5) any other circumstances specified by laws, regulations and rules. If medical production and operation enterprises are listed into the Adverse Records of Commercial Briberies for the first time, their products shall not be purchased by public medical institutions, and medical and health institutions receiving financial subsidies in local province for two years since publication of the record, and public medical institution, and medical and health institutions receiving financial subsidies in other province shall lower their rating in bidding or purchasing process.

According to the Guiding Opinions on Establishment of the Trustworthiness Evaluation System for Drug Prices and Procurement by Bidding (《關於建立醫藥價格和招採信用評價制度的指導意見》) promulgated by the NHSA in August 28, 2020 and took effect simultaneously, the NHSA would establish a catalogue of dishonest matters involving drug prices and procurement by bidding, and the kickbacks or other improper benefits in the purchase and sale of drugs, tax-related violations of laws, monopolistic practices, improper pricing practices, disruption of the order of centralized procurement, malicious breach of contracts and other malpractices, will be included in such catalogue.

Regulations in relation to the Medical Insurance Program

Coverage of the national medical insurance program

The national medical insurance program was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarged the coverage of the basic medical insurance program. In addition, on January 3, 2016, the Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system.

Medical Insurance Catalogue

According to the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) or the NRDL Administrative Measures, which promulgated by the NHSA, on July 30, 2020 and took effect on September 1, 2020, the scope of drugs covered by the basic medical insurance shall be administered through a reimbursement drug list.

REGULATORY OVERVIEW

The National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the National Reimbursement Drug List (the “NRDL”), which promulgated by the NHSA and last amended on January 6, 2025, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. According to the NRDL Administrative Measures, a Provincial Reimbursement Drug List (“PRDL”) must be made by the provincial healthcare security authorities. Patients purchasing List A drugs can directly obtain reimbursement under the basic medical insurance program. Patients purchasing List B drugs shall pay a certain percentage of the purchase price first and then obtain reimbursement under the basic medical insurance program.

National Essential Drug List

On August 18, 2009, the Ministry of Health (the “MOH”) and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the National Essential Drug List (《國家基本藥物目錄管理辦法(暫行)》), which was amended on February 13, 2015, and the Guidelines on the Implementation of the National Essential Drug List System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the National Essential Drug List. The NHC promulgated the National Essential Drug List (2018) (《國家基本藥物目錄(2018年版)》), the “National Essential Drug List”) on September 30, 2018, replacing the National Essential Drug List (2012) (《國家基本藥物目錄(2012年版)》) which was promulgated on March 13, 2013. According to these regulations, basic healthcare institutions funded by government shall store up and use drugs listed in National Essential Drug List. The drugs listed in National Essential Drug List shall be purchased by centralized tender process and shall be subject to the price control by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會(the “NDRC”)). Remedial drugs in the National Essential Drug List are all listed in the Medical Insurance Catalogue and the entire amount of the purchase price of such drugs is entitled to reimbursement.

Laws and Regulations on Intellectual Properties

In terms of international conventions, the PRC has entered into (including but not limited to) the Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識財產權協定》), the Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), the Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》) and the Patent Cooperation Treaty (《專利合作條約》).

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》), which was promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and became effective 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》), which were promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and became effective on January 20, 2024. The Patent Law of the PRC and its Implementation Rules provide for three types of patents, “invention”, “utility model” and “design.”

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 the SCNPC in September 1993 and subsequently amended on November 4, 2017, April 23, 2019, June 27, 2025 and which became on October 15, 2025, 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.

REGULATORY OVERVIEW

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration.

Copyright

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

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services in the PRC.

Laws and Regulations on Labor and Employee Incentives

Labor, Social Insurance and Housing Provident Funds

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC in July 1994 and last amended and came into effect in December 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC in June 2007 and amended in December 2012 and came into effect in July 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect in September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC in October 2010 and last amended and came into effect in December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council in January 1999 and last amended in March 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council in April 1999 and last amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)), which was promulgated by the Supreme People's Court in July 2025 and came into effect in September 2025, the employer and the laborer agree, or the laborer promises the employer, that there is no need to pay social insurance premiums, such agreement or promise shall be determined invalid; where an employer fails to pay social insurance premiums in accordance with the law, and such employee requests to terminate the labor contract and for the employer to pay economic compensation, the people's court shall support such requests in accordance with the law. In the event an employer, after making up the social insurance contributions in accordance with the law under the circumstances stipulated in the preceding paragraph, requests the employee to return the social insurance compensation already paid, the people's court shall support such request in accordance with the law.

REGULATORY OVERVIEW

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.

Laws and Regulations on Leasing

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement. According to the Civil Code of the PRC (《中華人民共和國民法典》), the relevant parties fail to complete property leasing registration and filing formality in accordance with the laws and regulations, the validity of the lease is not affected.

Laws and Regulations on Environmental Protection, Health and Safety

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (“the Environmental Protection Law”), which was promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014, came into effect on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》) (“the Environmental Impact Appraisal Law”), which was promulgated by the SCNPC on October 28, 2002, amended on July 2, 2016 and December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Completion and Acceptance

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

REGULATORY OVERVIEW

Fire Prevention

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

Management of Waste Discharge

Pursuant to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment of the PRC and became effective on December 20, 2019, the State implements the primary management, simplified management and registration management of pollutant discharge permits based on the pollutant production, emission amount and the extent of environmental impact of the pollutant discharge entities.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, based on the quantity of pollutants generated and discharged, their impacts on the environment and other factors, categorical administration of pollutant discharge permit system is implemented to regulate pollutant-discharging entities. The entities that generate and discharge relatively small quantities of pollutants and have a relatively small impact on the environment shall fill in the waste discharge registration form (排污登記表) and are no longer required to obtain a waste discharge license (排污許可證).

Laws and Regulations on Foreign Investment

Company Law of the PRC

The Company Law of the PRC (《中華人民共和國公司法》) (the “Company Law”) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, October 26, 2018, December 29, 2023 respectively and the latest revision of which was implemented on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign Investment

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “Catalogue”), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “Negative List”), promulgated on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (國家發展和改革委員會) (the “NDRC”) and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the “MOFCOM”). The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, “permitted”, unless specifically restricted by other PRC laws and regulations. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “FIL”), promulgated by the National People’s Congress (全國人民代表大會) (the “NPC”) on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “Implementation Regulations for FIL”), promulgated by the State

REGULATORY OVERVIEW

Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management.

On December 30, 2019, the Ministry of Commerce and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. 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, review scopes and procedures, among others.

Laws and Regulations on Foreign Exchange and Taxation

Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. 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 (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (“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. 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》) on February 13, 2015, which was partially abolished on December 30, 2019 and 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》) (“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 of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

REGULATORY OVERVIEW

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》) (“the SAFE Circular 16”), which came into effect on the same day and was partially amended according to Notice of the State Administration of Foreign Exchange on Further Deepening Reforming to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the SAFE on December 4, 2023. 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).

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 was partially amended according to Notice of the State Administration of Foreign Exchange on Further Deepening Reforming to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the SAFE on December 4, 2023.

Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“the EIT Law”), promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得稅法實施條例》) (“the Implementation Rules”), promulgated by the State Council on December 6, 2007, came into force on January 1, 2008 and last amended on December 6, 2024, 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. 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 “VAT”)

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) amended in November 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Taxes (《中華人民共和國增值稅暫行條例實施細則》) amended in October 2011, all entities or individuals engaged in the sale of goods, provision of processing, repair and maintenance services, or importation of goods within China shall be value-added tax taxpayers and subject to value-added tax in accordance with relevant laws and regulations. Through the value-added tax reform in China, value-added tax rates have undergone multiple adjustments and value-added tax are regulated by the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was implemented in January 2026.

Laws and Regulations on Information Security and Data

Cybersecurity, Privacy Data Security and Data Export

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”) promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, the state shall implement rules for graded protection of cybersecurity and the network operators shall

REGULATORY OVERVIEW

comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national standards. Critical information infrastructures operators (the “CIIO”) (關鍵信息基礎設施運營者) shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC.

On December 28, 2021, the Cyberspace Administration of China (the “CAC”) and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “Cyber Review Measures”), which came into effect on February 15, 2022. The Cyber Review Measures stipulate that, among others, (i) when the purchase of network products and services by a CIIO (關鍵信息基礎設施運營者) or the data processing activities conducted by a network platform operator (網絡平台運營者) affect or may affect national security, a cybersecurity review shall be conducted pursuant to the Cyber Review Measures; (ii) an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list its securities abroad; and (iii) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

We are not a CIIO or a network platform operator. Our core business operations do not involve the procurement of network products and services or significant data processing activities. Therefore, we are not obliged to apply for a cybersecurity review pursuant to the Cyber Review Measures with respect to our proposed [REDACTED] and [REDACTED]. The SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) on June 10, 2021, which became 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 take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) issued by the CAC on July 7, 2022 and effective 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 CIIO 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 CAC 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 CIIO; (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 Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which was promulgated by the CAC on March 22, 2024 and came into effect on the same day, if the data have not been informed or publicly announced as important data by relevant departments or regions, data handlers are not required to declare security assessment for cross-border provision of the data as important data.

REGULATORY OVERVIEW

On September 24, 2024, the Cyber Data Security Regulations (《網絡數據安全管理條例》) was promulgated by the State Council and has come into effect on January 1, 2025. The Cyber Data Security Regulations is to implement general requirements on data security management from the Cybersecurity Law, the Data Security Law, as well as the Personal Information Protection Law. In summary, we are complied with the applicable regulations related to data protection in all material respects.

Personal Information Protection

According to the Civil Code of the PRC (《中華人民共和國民法典》), personal information of natural persons is protected by law. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and 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, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, 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.

The Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) was promulgated on May 8, 2017 and became effective on June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens’ personal information,” “violation of relevant national provisions,” “provision of citizens’ personal information” and “illegally obtaining any citizen’s personal information by other methods.” In summary, we are complied with the applicable regulations related to personal information protection in all material respects.

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

Securities Law of the PRC

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**Securities Law**”) took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The latest revised Securities Law came into effect on March 1, 2020. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issuance and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Overseas Listing

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in the Chinese Mainland. Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for [REDACTED] is submitted to competent overseas securities regulators.

REGULATORY OVERVIEW

H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “Guidelines for the Full Circulation”), 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會關於修改、廢止部分證券期貨制度文件的決定》).

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

On June 30, 2025, the Shenzhen Branch of CSDC issued the latest Guidelines to the Program for “Full Circulation” of H-shares of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《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》), which are applicable to the business preparation, cross-border share transfer registration and overseas centralized custody, the initial maintenance of details of domestic shareholding and the maintenance of its changes, corporate actions, clearing, settlement and risk management measures. On the same day, China Securities Depository and Clearing (Hong Kong) Company Limited issued the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》), which is applicable to businesses such as share custody and depository, agent service, arrangement for settlement and delivery, and risk management measures.

OVERVIEW OF U.S. LAWS AND REGULATIONS

This section summarizes the principal laws and regulations in the U.S. that are relevant to our business.

U.S. Government Regulation of Drug and Biological Products

In the U.S., the FDA regulates drugs under the FDCA, its implementing regulations and biologics under the FDCA and the Public Health Service Act (the “PHSA”) and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA’s refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA’s Good Laboratory Practice regulations. A sponsor of IND must submit the results of the preclinical testing, manufacturing information, analytical

REGULATORY OVERVIEW

data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance. All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board (“IRB”), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB’s requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in 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 on 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. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor’s initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with GMP requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, 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 an NDA or BLA. Unless deferred or waived, NDAs or BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the

REGULATORY OVERVIEW

product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of an NDA or a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product’s manufacturing is GMP-compliant to assure the product’s identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with GMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including Phase IV clinical trials, to further assess a product’s safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

In the U.S., products composed of components that would normally be regulated by different centers at the FDA are known as combination products. Typically, the FDA’s Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer. The FDA determines which Center will lead a product’s review based upon the product’s primary mode of action. Depending on the type of combination product, its approval, clearance or licensure may usually be obtained through the submission of a single marketing application. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product, which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, the relevant Centers may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, adverse event reporting and good manufacturing practices, to their combination product.

Expedited Development and Review Programs

Accelerated Approval

Under FDA’s accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality (“IMM”), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of

REGULATORY OVERVIEW

alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of 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 preclinical and clinical data is as efficient as practicable.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstance.

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 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.

Post-Marketing Requirements

Following the approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as “off-label use”) and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling

REGULATORY OVERVIEW

or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy (“REMS”), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing. FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation, and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA/BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Optimizing the Dosage of Human Prescription Drugs and Biological Products for the Treatment of Oncologic Diseases

In August 2024, the U.S. Food and Drug Administration (FDA) issued guidance on optimizing the dosage of oncology drugs and biological products, encouraging sponsors to determine an optimal dosage that maximizes therapeutic benefit while minimising toxicity early in clinical development. This guidance is intended to assist sponsors in identifying an optimized dosage(s) for human prescription drugs or biological products for the treatment of oncologic diseases during clinical development and prior to submitting an application for approval of a new indication and usage.

REGULATORY OVERVIEW

This reflects a shift from the traditional focus on identifying the maximum tolerated dose, which may not be appropriate for modern targeted therapies that can achieve similar efficacy at lower, more tolerable doses. The guidance notes that unnecessarily high doses may adversely affect patient quality of life, treatment adherence and clinical outcomes. The guidance encourages early engagement with the FDA, including through formal meetings or the Model-Informed Drug Development paired meeting program, to discuss dosage optimization plans.

Patent Term Restoration and Marketing Exclusivity

Given the lengthy administrative approval cycle for pharmaceuticals, the United States introduced the Patent Term Extension (PTE) mechanism under the Drug Price Competition and Patent Term Restoration Act of 1984 (the “Hatch–Waxman Act”) to compensate for delays in the market approval process for pharmaceuticals, food additives, medical devices and other regulated products. 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 an NDA or 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. The allowable patent term extension is calculated as one-half of the product’s testing phase, which is the time between IND and NDA/BLA submission, and all of the review phase, which is the time between NDA/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 (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 an NDA or a BLA has not been submitted.

In 1994, the United States further introduced the Patent Term Adjustment (PTA) mechanism to compensate for delays arising from the patent examination process. Under 35 U.S.C. §154(b), the examination process of the USPTO may involve three categories of delay — A-delay, B-delay and C-delay — and the specific calculation rules for each category are set out in 37 C.F.R. §§1.703 and 1.704. A pharmaceutical patent may benefit from both PTA and PTE, with PTE being calculated in addition to the patent expiry date as adjusted by PTA. Accordingly, PTE is added on top of the original patent term, including any extension granted through PTA.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a clinical-stage biotech company dedicated to researching and developing innovative therapies for autoimmune, metabolic and oncology diseases. Our history can be traced back to 2017, when our Company was established in the PRC by Dr. Ji, our Controlling Shareholder, executive Director, chief executive officer, general manager and chairman of our Board.

Since the establishment of our Company, we have strategically focused our R&D on oncology, autoimmune and metabolic diseases, selected based on our Company’s comprehensive and integrated platform for small-molecule innovative drug discovery as well as market demand. We have developed R&D capabilities spanning drug design, efficient synthesis, screening and evaluation, pharmacological studies, comprehensive CMC research to clinical strategy and operations as well as translational medicine, which enable our Company to pursue differentiated drug development across the three core therapeutic areas. We have developed a strategically designed and differentiated pipeline. This includes three Core Products, namely HJ787, HJ178 and HJ891, all of which are self-developed, small-molecule, NMPA Category 1 innovative drugs. Our pipeline also includes other drug candidates, including our clinical-stage drug candidate HJ197 and five preclinical drug candidates HJ356, HJ093, HJ199, HJ198 and HJ086, all of which are also self-developed, small-molecule, NMPA Category 1 innovative therapies. For further details of the Company’s R&D development and strategies, see “Business” in this document.

KEY MILESTONES

The following table sets forth the key milestones of our corporate and business development.

Year	Milestone events
2017	Our Company was established.
2018	We submitted our first IND application for HJ197 to the NMPA.
2021	We submitted the IND application for HJ891 to the NMPA.
2023	We submitted the IND application for HJ178 and the IND application for HJ787 ointment to the NMPA.
2024	We commenced a Phase Ib/III clinical trial in combination with toripalimab for the treatment of non-squamous NSCLC with KRAS ^{G12C} mutation as combination therapy. We initiated a Phase II clinical trial evaluating the efficacy and safety of HJ787 in patients with ND.
2025	We initiated a Phase IIa clinical trial to evaluate the efficacy and safety of HJ787 in patients with mild-to-moderate AV. We completed a Phase Ib/IIa clinical trial in May 2024 to assess the safety, tolerability, PK, and preliminary efficacy of multiple doses in both healthy subjects and patients with type 2 diabetes.

OUR CORPORATE DEVELOPMENTS

Establishment and major shareholding changes of our Company

Our Company was established in the PRC as a limited liability company on February 20, 2017 with an initial registered capital of RMB10 million. At the time of establishment, our Company was owned as to 85.00% by Dr. Ji and 15.00% by Mr. Yuan Hao (袁昊) (“**Mr. Yuan**”), an Independent Third Party. Dr. Ji and Mr. Yuan are alumni of Lanzhou University (蘭州大學) in the PRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity transfers in November 2017

On November 18, 2017, Dr. Ji, Mr. Yuan, Suzhou Jishitang and Suzhou Wenshao Biotechnology Co., Ltd. (蘇州聞韶生物科技有限公司) (“**Suzhou Wenshao**”) entered into an equity transfer agreement, pursuant to which (i) Mr. Yuan transferred his 15.00% equity interest in our Company to Suzhou Wenshao; (ii) Dr. Ji transferred his approximately 6.08% equity interest in our Company to Suzhou Jishitang; and (iii) Dr. Ji transferred his approximately 41.71% equity interest in our Company to Suzhou Wenshao, all at nil consideration. The consideration was determined after arm’s length negotiations between the parties with reference to our then unpaid registered capital. Mr. Yuan’s equity transfer was due to his decision to pursue other personal development.

Suzhou Wenshao is a limited liability company established in the PRC as an investment holding company and was controlled by Dr. Ji at the time of the above equity transfer. Suzhou Jishitang currently is one of our employee incentive platforms under the Pre-[REDACTED] Share Incentive Scheme. See “—Employee Incentive Platforms” below for further details.

Series A Financing

Pursuant to a capital increase agreement (the “**SDIC Shanghai Capital Increase Agreement**”) dated December 21, 2017 (as amended), the registered capital of our Company was increased from RMB10 million to RMB12,298,688, which was subscribed as to 20.00% by (SDIC) VC Fund (Shanghai) of Technology Transfer and Commercialization (Limited Partnership) (國投(上海)科技成果轉化創業投資基金企業(有限合夥)) (“**SDIC Shanghai**”) and 6.08% by Suzhou Wenshao at the consideration of RMB42 million and RMB24,329,138, respectively. Dr. Ji also agreed to transfer 1.00% equity interest in our Company to SDIC Shanghai at nil consideration. The consideration was determined after arm’s length negotiations between the parties with reference to the valuation of our Company, our development strategies and potential, our research and development capabilities, and the milestones our Group expected to achieve. The consideration for the increased registered capital subscribed by SDIC Shanghai and Suzhou Wenshao was fully settled on December 26, 2017 and December 22, 2017, respectively.

Equity transfer in December 2019

On December 31, 2019, Suzhou Wenshao and Chengdu Wenshao, an investment platform whose general partner is Dr. Ji and with an identical shareholding structure as Suzhou Wenshao at the relevant time, entered into an equity transfer agreement, pursuant to which Suzhou Wenshao transferred its 52.80% equity interest in our Company (corresponding to a registered capital of RMB6,493,708) to Chengdu Wenshao at a consideration of RMB30 million. The consideration was determined after arm’s length negotiations between the parties with reference to the paid-up registered capital of our Company by Suzhou Wenshao, which was fully settled on September 28, 2021. Chengdu Wenshao has been controlled by Dr. Ji since its establishment due to his capacity as the general partner of Chengdu Wenshao and his shareholding in Chengdu Wenshao of over 50%, pursuant to the partnership agreement of Chengdu Wenshao. Chengdu Wenshao had been established with a view to holding interest in the Company by Dr. Ji and his acquaintances who had confidence in Dr. Ji’s expertise and experience in this field as well as the Company’s development potential. As of the Latest Practicable Date, Chengdu Wenshao had two limited partners, namely Zhang Xingguo (張興國) and Ouyang Ling (歐陽凌), both acquaintances of Dr. Ji and Independent Third Parties, none of whom holds 30% or more interest in Chengdu Wenshao. Zhang Xingguo is a director of a PRC listed company which is engaged in manufacturing of computers and other electronic equipment. Dr. Ji and Zhang Xingguo have befriended through the introduction a mutual friend since before the Company was founded. Ouyang Ling, also a long-time friend of Dr. Ji who was introduced to Dr. Ji by Zhang Xingguo, is a managing director of the investment bank department of a securities company in the PRC. Both Zhang Xingguo and Ouyang Ling became shareholders of Chengdu Wenshao because of their positive outlook on the development and future prospects of the Company, as well as Dr. Ji’s experience and abilities in the industry.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series B Financing

Pursuant to the capital increase agreements dated December 15, 2019 and September 25, 2020, the registered capital of our Company was increased from RMB12,298,688 to RMB13,704,252, which was subscribed as to 8.97% by Suzhou Junlian Xinkang Venture Capital Partnership (Limited Partnership) (蘇州君聯欣康創業投資合夥企業(有限合夥)) (“**Junlian Xinkang**”) and 1.28% by Suzhou Yuanju Fanmao Investment Partnership Enterprise (Limited Partnership) (蘇州元聚帆茂投資合夥企業(有限合夥)) (“**Suzhou Fanmao**”) at the consideration of RMB70 million and RMB10 million, respectively. The consideration was determined with reference to the market conditions, valuation of our Company at the time of investments and our business prospects, and was fully settled on October 20, 2020.

Series B+ Financing

From December 2020 to August 2021, pursuant to the investment agreements and the capital increase agreement entered into among the Company, its then shareholders and each of Jingning Huaige Ruixin Venture Capital Partnership (Limited Partnership) (景寧懷格瑞信創業投資合夥企業(有限合夥)) (now known as Ningbo Huaige Ruixin Venture Capital Partnership Enterprise (Limited Partnership) (寧波懷格銳信創業投資合夥企業(有限合夥)) (“**Huaige Ruixin**”), Ningbo Huaige Health Investment Management Partnership (Limited Partnership) (寧波懷格健康投資管理合夥企業(有限合夥)) (“**Huaige Health**”), Gongqingcheng Ruiji Phase III Investment Partnership Enterprise (Limited Partnership) (共青城瑞吉三期投資合夥企業(有限合夥)) (now known as Anyi Ruiji Phase III Venture Capital Partnership (Limited Partnership) (安義瑞吉三期創業投資合夥企業(有限合夥)) (“**Ruiji Phase III**”), Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司) (“**Junshi Biosciences**”), Chengdu Peikun Jingrong Venture Capital Partnership (Limited Partnership) (成都沛坤菁蓉創業投資合夥企業(有限合夥)) (“**Peikun Jingrong**”), Chengdu Peikun Songfu Technology Partnership (Limited Partnership) (成都沛坤宋富科技合夥企業(有限合夥)) (“**Peikun Songfu**”), Sichuan Science and Technology Achievement Transformation Equity Investment Fund Partnership (Limited Partnership) (四川省科技成果轉化股權投資基金合夥企業(有限合夥)) (“**STAT Fund**”), (collectively, the “**Series B+ Investors**”), the Series B+ Investors agreed to subscribe for an increased registered capital of approximately RMB1,437,119 and agreed to acquire an aggregate of approximately RMB362,540 registered capital of our Company held by Chengdu Wenshao, representing approximately 2.44% equity interest in our Company upon completion of the above capital increase, details of which are set out below:

Series B+ Investors	Registered capital subscribed for	Consideration	Registered capital acquired from Chengdu Wenshao	Consideration
Huaige Ruixin	RMB322,050	RMB35,250,000	RMB146,386	RMB11,750,000
Huaige Health	RMB20,556	RMB2,250,000	RMB9,344	RMB750,000
Ruiji Phase III.	RMB205,564	RMB22,500,000	RMB93,438	RMB7,500,000
Junshi Biosciences	RMB365,447	RMB40,000,000	–	–
Peikun Jingrong	RMB239,824	RMB26,250,000	RMB109,011	RMB8,750,000
Peikun Songfu	RMB9,593	RMB1,050,000	RMB4,360	RMB350,000
STAT Fund.	RMB274,085	RMB30,000,000	–	–

The consideration for the increased registered capital was determined after arm’s length negotiations between the parties with reference to the market conditions, valuation of our Company at the time of investments and our business prospects. The consideration for the registered capital acquired from Chengdu Wenshao was determined among the parties as a result of commercial negotiation. The consideration was fully settled on June 2, 2021.

Series B++ Financing

On August 30, 2021, among others, our Company, Chengdu Wenshao, Xiamen Jianfa Emerging Industries Equity Investment Partnership No. 2 (Limited Partnership) (廈門建發新興產業股權投資貳號合夥企業(有限合夥)) (“**Xiamen Jianfa**”), Jiangsu Shengyu Heike Medical Health Investment Fund (Limited Partnership) (江蘇盛宇黑科醫療健康投資基金(有限合夥)) (“**Shengyu Heike**”)¹ entered into a capital

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

increase agreement, pursuant to which (i) each of Xiamen Jianfa and Shengyu Heike agreed to subscribe for an increased registered capital of approximately RMB152,943 at a consideration of RMB20 million with reference to the market conditions, valuation of our Company at the time of investments and our business prospects; and (ii) both Xiamen Jianfa and Shengyu Heike agreed to each acquire a registered capital of approximately RMB100,942 held by Chengdu Wenshao at the consideration of RMB10 million, which was determined through the results of commercial negotiations among the parties. The total consideration was fully settled on October 13, 2021.

Note:

- (1) In June 2025, Shengyu Heike transferred its entire equity interest in our Company to Ms. Zhang Naiye (張乃燁). After such equity transfer, Shengyu Heike ceased to be a Shareholder. See “—Series C2 Financing and equity transfer in June 2025” below for further details. Shengyu Heike is a limited partnership incorporated in the PRC and is principally engaged in medical and health industry investment.

Series C1 Financing

Pursuant to a capital increase agreement dated December 16, 2023, the registered capital of our Company was increased from RMB15,447,258 to RMB16,927,620, which was subscribed as to 3.04% by Chongqing Chengyu Tuanjiehu Strategic Emerging Industries Private Equity Investment Fund Partnership (Limited Partnership) (重慶市成渝團結湖戰略性新興產業私募股權投資基金合夥企業(有限合夥)) (“**Chengyu Tuanjiehu Fund**”), 3.80% by Chongqing Jiangjin District Private Equity Investment Fund Partnership (Limited Partnership) (重慶市江津區私募股權投資基金合夥企業(有限合夥)) (“**Jiangjin Fund**”), 0.76% by Wuxi Runyuan Biopharmaceutical Venture Capital Partnership (Limited Partnership) (無錫潤元生物醫藥創業投資合夥企業(有限合夥)) (“**Wuxi Runyuan**”) and 1.14% by Hefei Xingtai Huike Venture Capital Partnership (Limited Partnership) (合肥興泰慧科創業投資合夥企業(有限合夥)) (“**Huike Fund**”) at the consideration of RMB80 million, RMB100 million, RMB20 million and RMB30 million, respectively. The consideration was determined after arm’s length negotiations between the parties with reference to the market conditions, valuation of our Company at the time of investments and our business prospects and was fully settled on December 25, 2023.

Conversion into a joint stock limited liability company

On March 18, 2025, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited liability company. The conversion was completed on April 15, 2025.

Series C2 Financing and equity transfer in June 2025

Pursuant to a capital increase agreement dated June 19, 2025, the registered capital of our Company was increased from RMB58,444,059 to RMB59,999,605, which was subscribed as to 1.11% by Anyi Ruiji Phase X Venture Capital Partnership Enterprise (Limited Partnership) (安義瑞吉十期創業投資合夥企業(有限合夥)) (“**Ruiji Phase X**”), 0.74% by Fuzhou Huace Xinming Pharmaceutical Investment Partnership Enterprise (Limited Partnership) (福州華策新明醫藥投資合夥企業(有限合夥)) (“**Huace Xinming**”) and 0.74% by Hefei Baohe District Linghang Venture Capital Fund Partnership Enterprise (Limited Partnership) (合肥市包河區領航創業投資基金合夥企業(有限合夥)) (“**Baohe Linghang**”) at the consideration of RMB30 million, RMB20 million and RMB20 million, respectively. The consideration was determined after arm’s length negotiations between the parties with reference to the market conditions, valuation of our Company at the time of investments and our business prospects and was fully settled on July 11, 2025.

On June 26, 2025, Shengyu Heike and Ms. Zhang Naiye (張乃燁), entered into an equity transfer agreement, pursuant to which Shengyu Heike transferred 1.46% equity interest in our Company to Ms. Zhang Naiye at a consideration of RMB40,773,024. Such consideration was determined based on arm’s length negotiations between the parties with reference to the original investment amount of Shengyu Heike and the valuation of our Company, and was fully settled on June 26, 2025.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity transfer in August 2025

On August 21, 2025, Chengdu Wenshao and Chengdu Chunlei Xingming Technology Venture Capital Partnership Enterprise (Limited Partnership) (成都春壘星溟科技創業投資合夥企業(有限合夥)) (“**Chengdu Chunlei**”) entered into an equity transfer agreement, pursuant to which Chengdu Wenshao transferred 0.83% equity interest in our Company indirectly held by a limited partner of Chengdu Wenshao to Chengdu Chunlei at a total consideration of RMB20 million. The consideration was determined after arm’s length negotiations between the parties with reference to the original investment amount and the current valuation of our Company, which was fully settled on August 21, 2025.

As of the Latest Practicable Date, the shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital (RMB)	Approximate percentage of shareholding
Chengdu Wenshao	19,971,379	33.29%
Dr. Ji	12,424,624	20.71%
SDIC Shanghai	5,520,100	9.20%
Junlian Xinkang	4,246,253	7.08%
Jiangjin Fund	2,222,218	3.70%
Suzhou Jishitang	2,097,440	3.50%
Chengyu Tuanjiehu Fund	1,777,751	2.96%
Huaige Ruixin	1,617,322	2.70%
Junshi Biosciences	1,261,749	2.10%
Peikun Jingrong	1,204,357	2.01%
Ruiji Phase III	1,032,356	1.72%
STAT Fund	946,326	1.58%
Xiamen Jianfa	876,544	1.46%
Ms. Zhang Naiye	876,544	1.46%
Huikou Fund	666,671	1.11%
Ruiji Phase X	666,662	1.11%
Suzhou Fanmao	606,591	1.01%
Chengdu Chunlei	499,997	0.83%
Wuxi Runyuan	444,467	0.74%
Huace Xinming	444,442	0.74%
Baohe Linghang	444,442	0.74%
Huaige Health	103,212	0.17%
Peikun Songfu	48,158	0.08%
Total:	59,999,605	100%

PRC Legal Advisors’ Confirmation

Our PRC Legal Advisors have confirmed that the above mentioned equity transfers and changes in the registered capitals of our Group have been properly and legally completed and our Group has obtained all necessary approvals and made all necessary filings, and has complied with applicable PRC laws and regulations in all material respects in relation to the changes in shareholdings as set out above.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not conducted any acquisitions, disposals or mergers that we consider to be material to us during the Track Record Period and up to the Latest Practicable Date.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

EMPLOYEE INCENTIVE PLATFORMS

For the purpose of awarding our management team and employees for their contributions to our Group and to incentivize them to further promote our development, we adopted the Pre-[REDACTED] Share Incentive Scheme on July 11, 2025 to award the partnership interest in our employee incentive platforms to the scheme participants. All the underlying Shares of the awards granted under the Pre-[REDACTED] Share Incentive Scheme are directly held by Suzhou Jishitang. The general partner of Suzhou Jishitang is Dr. Ji, and its limited partners include five employee incentive platforms, namely Chengdu Kunluntang Enterprise Management Center (Limited Partnership) (成都昆侖堂企業管理中心(有限合夥)) (“**Chengdu Kunluntang**”), Chengdu Cuiyingtang Enterprise Management Center (Limited Partnership) (成都萃英堂企業管理中心(有限合夥)) (“**Chengdu Cuiyingtang**”), Chengdu Chunhuatang Enterprise Management Center (Limited Partnership) (成都春華堂企業管理中心(有限合夥)) (“**Chengdu Chunhuatang**”), Chengdu Chuntian dao Enterprise Management Center (Limited Partnership) (成都春天道企業管理中心(有限合夥)) (“**Chengdu Chuntian dao**”) and Chengdu Chunguitang Enterprise Management Center (Limited Partnership) (成都春歸堂企業管理中心(有限合夥)) (“**Chengdu Chunguitang**”). As of the Latest Practicable Date, the limited partner interest in Suzhou Jishitang held by Chengdu Kunluntang, Chengdu Cuiyingtang, Chengdu Chunhuatang, Chengdu Chuntian dao and Chengdu Chunguitang was approximately 60.57%, 14.27%, 13.65%, 10.56% and 0.74%, respectively. The following table sets forth a summary of the partnership structure of each of our employee incentive platforms as of the Latest Practicable Date:

Name of employee incentive platform	General partner	Interest held by the general partner ⁽¹⁾	Number of limited partner(s) ⁽¹⁾⁽²⁾
Chengdu Kunluntang	Dr. Ji	73.30%	One, namely Ms. Guo Na, a senior management of our Company, held 26.70% limited partnership interest
Chengdu Cuiyingtang	Ms. Zhang Jingjie, a senior management of our Company	12.77%	22, none of which held 30% or more partnership interest
Chengdu Chunhuatang	Dr. Ji	30.31%	One, namely Mr. Du Fengtian, a senior management of our Company, held 69.69% limited partnership interest
Chengdu Chuntian dao	Dr. Ji	9.91%	One, namely Mr. Yang Xiangyu, an executive Director, held 90.09% limited partnership interest
Chengdu Chunguitang	Ms. Zhang Tao (張濤), an employee of our Company ⁽³⁾	14.29%	Six, none of which held 30% or more partnership interest

- (1): Each of the general partners and limited partners holds the partnership interest for his/her own interest.
- (2): The partnership interest which each limited partner holds in his/her corresponding employee incentive platform does not bear any voting rights in our Company. The limited partners are all Independent Third Parties.
- (3): Ms. Zhang Tao, an employee of our Company, is not the same person as Mr. Zhang Tao, the ultimate controller of the general partner of Chengdu Peikun Jingrong Venture Capital Partnership (Limited Partnership).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

According to the Pre-[REDACTED] Share Incentive Scheme, the respective partnership agreements and the grant agreement, certain members of our management team and employees were granted restricted Shares by virtue of their capacity as limited partners or general partners (as the case maybe) of the employee incentive platforms. The management of Suzhou Jishitang and the voting rights of the underlying Shares held by Suzhou Jishitang are exercised by Dr. Ji as its general partner, whereas the relevant participants to the Pre-[REDACTED] Share Incentive Scheme are entitled to the economic interest. Despite that each of the five employee incentive platforms listed above is managed and controlled by its respective general partner, according to the Pre-[REDACTED] Share Incentive Scheme, none of the incentive platforms and their general partners has the right to control the voting rights and determine the transfer of the Shares held by Suzhou Jishitang. Therefore, notwithstanding that Dr. Ji is the general partner of Chengdu Kunluntang, Chengdu Chunhuatang and Chengdu Chuntian dao, they are not considered as members of the group of Controlling Shareholders.

The rationale for establishing multiple employee incentive platforms is to facilitate a more systematic management and classification of the shareholding platforms. Each platform has its own assessment standards as determined by the Company on the employees holding their interest in the same platform, with the aim to facilitate unity of assessment of and targets set for employees of similar or comparable profile, such as length of service, overall work performance, leadership capability and/or seniority. Specifically, Chengdu Kunluntang, Chengdu Chunhuatang and Chengdu Chuntian dao are the incentive platforms for the founding members of the Company, being employees who joined the Company at the inception or initial stage of development of the Company. Chengdu Cuiyingtang is the incentive platform for department heads and other management team members. Chengdu Chunguitang is the incentive platform for backbone members.

As of the Latest Practicable Date, share awards corresponding to 2,093,400 underlying Shares representing approximately [REDACTED]% of the total issued Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised), had been conditionally granted by our Company to a total of 34 participants under the Pre-[REDACTED] Share Incentive Scheme.

The Pre-[REDACTED] Share Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve grant of incentive Shares after the [REDACTED]. The principal terms of the Pre-[REDACTED] Share Incentive Scheme and the details of the underlying Shares granted to the Directors, Supervisors and senior management are set out in “Appendix IV—Statutory and General Information—D. Pre-[REDACTED] Share Incentive Scheme”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

Principal Terms of the Pre-[REDACTED] Investments

Our Company has completed several rounds of Pre-[REDACTED] Investments, details of which are set out below:

Round	Form of investment	Date of agreements	Date of full settlement of consideration	Investor	Amount of registered capital involved (RMB) (approx.)	Consideration (RMB) (approx.)	Cost per Share ⁽¹⁾ (RMB) (approx.)	Post-money valuation ⁽²⁾ (RMB) (approx.)	Discount to the [REDACTED] %
Series A Financing	Subscription of registered share capital	December 21, 2017	December 26, 2017	SDIC Shanghai	1,475,842	42 million	8.24	350 million ⁽⁴⁾	[REDACTED]%
Series B Financing	Subscription of registered share capital	September 25, 2020, December 15, 2019	October 20, 2020	Junlian Xinkang, Suzhou Fanmao	1,405,564	80 million	16.49	780 million ⁽⁵⁾	[REDACTED]%
Series B+ Financing	Subscription of registered share capital	December 11, 2020, December 24, 2020, January 11, 2021, May 25, 2021	June 2, 2021	Huaige Ruixin, Huaige Health, Ruiji Phase III, Jinshi Biosciences, Peikun Jingrong, Peikun Songfu, STAT Fund	1,437,120	157,300,000	31.70	1.66 billion ⁽⁶⁾	[REDACTED]%
Series B++ Financing	Equity transfer by Chengdu Wenshao	May 25, 2021	June 2, 2021	Huaige Ruixin, Huaige Health, Ruiji Phase III, Peikun Jingrong, Peikun Songfu	362,540	29,100,000	23.25	N/A	[REDACTED]%
Series C1 Financing	Subscription of registered share capital	August 30, 2021	October 13, 2021	Xiamen Jianfa, Shengyu Heike	305,887	40 million	37.88	2.02 billion ⁽⁷⁾	[REDACTED]%
Series C2 Financing	Subscription of registered share capital	June 19, 2025	July 11, 2025	Xiamen Jianfa, Shengyu Heike	201,885	20 million	28.69	N/A	[REDACTED]%
Equity transfer in June 2025	Equity transfer by Shengyu Heike	June 26, 2025	June 26, 2025	Chengyu Tuanjietu Fund, Jiangjin Fund, Wuxi Runyuan, Huike Fund	1,480,400	230 million	45.00	2.63 billion ⁽⁸⁾	[REDACTED]%
Equity transfer in August 2025	Equity transfer by Chengdu Wenshao	August 21, 2025	August 21, 2025	Ruiji Phase X, Huace Xinning, Baohu Linghang, Ms. Zhang Naiye	1,555,546	70 million	45.00	2.70 billion ⁽⁹⁾	[REDACTED]%
					876,544	40,773,024	46.52	N/A	[REDACTED]%
					499,997	20 million	40.00	N/A	[REDACTED]%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The cost per Share is calculated based on the total consideration paid by the Pre-[REDACTED] Investors in each round of Pre-[REDACTED] Investment as divided by either (i) the registered capital subscribed by them (as adjusted to the number of Shares such registered capital represents after the Company’s conversion to a joint stock company, if applicable) or (ii) the number of Shares acquired by them in the respective round of Pre-[REDACTED] Investment.
- (2) The post-money valuation is calculated on the basis of (i) the cost per Share of the respective round of Pre-[REDACTED] Investment and (ii) the total registered capital immediately after the relevant investment (as adjusted to the number of Shares such registered capital represents after the Company’s conversion to a joint stock company, if applicable).
- (3) The discount to the [REDACTED] is calculated based on the exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range).
- (4) The post-money valuation of this round of investment was determined having considered that our Company has commenced the development of competitive oncology innovation projects and was planning to submit IND applications.
- (5) The post-money valuation of this round of investment was determined having considered that our Company’s innovative oncology drug has entered clinical trials, and several other new drugs have shown strong competitive advantages in the pre-clinical studies.
- (6) The post-money valuation of this round of investment was determined having considered that our Company has achieved phased results in clinical trials of the innovative oncology projects, there was significant differentiated advantages of our other autoimmune and metabolic products in preclinical studies, and our small molecule platform was established.
- (7) The post-money valuation of this round of investment was determined having considered that there was a more diversified clinical pipeline and a notable progress from the pre-clinical pipeline stage to the IND stage, as well as the fact that the progress of various businesses is in line with expectations.
- (8) The post-money valuation of this round of investment was determined having considered that there was a breakthrough in our Company’s core products and major products at this stage, i.e. multiple innovative drug projects in metabolism, autoimmune, and oncology are making progress at the clinical stage.
- (9) The post-money valuation of this round of investment was determined fairly and reasonably by parties involved in the transaction, taking into account the market conditions and the reasonableness of our Company’s valuation at the time of investment. Compared to previous rounds of investment, the valuation of this round of investment has not been significantly adjusted.

The reasons for the increase between the post-money valuation of this round of investment and the expected market capitalization upon [REDACTED] are that (i) since this round of Series C2 Financing, our Company’s core products have achieved positive R&D breakthroughs, for example, the initiation of the Phase II clinical trial of HJ178 for the treatment of T2D in July 2025; and (ii) our ongoing business development efforts, including our latest collaboration with Junze Chuangyao, has brought about milestone payments for our Company, serving as additional backing for an increased valuation in our Company. See “Business — Collaborations” for details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Basis of determination of the valuation and consideration	The valuation and consideration for each round of Pre-[REDACTED] Investments were determined based on arm’s length negotiation between the respective Pre-[REDACTED] Investors and our Company after taking into account of the timing of the investments and the status of our business operations and prospect.
Use of proceeds	<p>For financing our research and development activities and funding of our daily operations and external investments.</p> <p>As of the Latest Practicable Date, approximately 73% of the net proceeds from the Pre-[REDACTED] Investments had been utilized for the aforementioned purposes. We expect to use the remaining proceeds from the Pre-[REDACTED] Investments for the same purposes.</p>
Lock-up period	All current Shareholders (including the Pre-[REDACTED] Investors) are subject to a lock-up period of 12 months following the [REDACTED] according to the PRC Company Law.
Strategic benefits	Our Directors are of the view that (i) our Group has benefited from the additional capital provided by the Pre-[REDACTED] Investors for our research and development and daily operations; (ii) the Pre-[REDACTED] Investments have broadened our shareholder base and demonstrated the Pre-[REDACTED] Investors’ confidence in the operations and development of our Group; and (iii) the Pre-[REDACTED] Investors include experienced investors in, among others, biotech and healthcare industries, who can share their insights on business strategies and provide professional advice for our Group’s corporate governance, financial reporting, internal control and future development.

Special Rights of the Pre-[REDACTED] Investors

Certain Pre-[REDACTED] Investors were granted certain customary special rights in relation to our Company under their investment agreements or capital agreements, including, among others, redemption and repurchase rights, pre-emptive and co-sale rights, anti-dilution rights, drag-along rights, liquidation rights, and information rights. Pursuant to the termination agreements entered into by our Company and the relevant Shareholders on August 29, 2024 and August 27, 2025, the special rights granted by the Company, namely redemption rights, liquidation preference rights and anti-dilution rights, had been terminated and shall be void ab initio; and the special rights granted by Dr. Ji in his capacity as the Company’s de facto controller, namely redemption rights, liquidation preference rights and anti-dilution rights, had been terminated on the date of first filing of the [REDACTED] application to the Stock Exchange. As of the Latest Practicable Date, the terminated special rights granted by Dr. Ji shall only be automatically and retroactively restored in the event of the earliest to occur of the following: (i) voluntary withdrawal of the [REDACTED] application by the Company; (ii) the Company’s [REDACTED] application having been rejected; (iii) failure to complete the [REDACTED] within twelve (12) months after the hearing by the Listing Committee of the Stock Exchange; and (iv) failure to complete the [REDACTED] within eighteen (18) months after submission of the [REDACTED] application. Pursuant to the termination agreement dated August 29, 2024, the Company has no outstanding obligations in respect of the special rights granted by Dr. Ji. In particular, the Company had previously provided a guarantee in relation to the redemption rights, but all obligations of the Company in connection with such guarantee have been terminated pursuant to the termination agreement dated August 29, 2024. To the best of the Company’s knowledge and as confirmed by Dr. Ji there does not exist any side agreements in respect of such special rights; and no liability relating to such rights was recorded since August 29, 2024, as the related liability was reclassified to equity at fair value upon the termination agreement on that date. All other special rights which are required to be terminated pursuant to Chapter 4.2 of the Listing Guide will be terminated upon the [REDACTED].

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Information about the Pre-[REDACTED] Investors

Among our Pre-[REDACTED] Investors, each of SDIC Shanghai and Junlian Xinkang is a Sophisticated Investor who has made meaningful investment in our Company in accordance with Chapter 2.3 of the Guide. The background information of our Pre-[REDACTED] Investors who remained as Shareholders of our Company as of the Latest Practicable Date is set out below. To the best knowledge of our Directors, each of our Pre-[REDACTED] Investors, its ultimate beneficial owners, and its general partner and limited partners (as the case may be) is an independent third party and has no relationship with any connected persons of the Company.

SDIC Shanghai

The general partner of SDIC Shanghai is SDIC (Shanghai) Venture Capital Management Co., Ltd. (國投(上海)創業投資管理有限公司), which is wholly owned by SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司) (“**SDICVC**”). SDICVC is owned as to 40% by China SDIC Gaoxin Industrial Investment Corp. Ltd. (中國國投高新產業投資有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會); and as to 23.75% by Veken Holding Group Co., Ltd. (維科控股集團股份有限公司), 20.00% by Yixin (Shanghai) Enterprise Management Center (Limited Partnership) (屹新(上海)企業管理中心(有限合夥)), 6.52% by Shanghai Zhanxin Investment Management Co., Ltd. (上海戰新投資管理有限公司), 6.25% by Ningbo Yuantai Heyu Investment Management Partnership (Limited Partnership) (寧波沅泰和裕投資管理合夥企業(有限合夥)) and 3.48% by State Development & Investment Corp., Ltd. (國家開發投資集團有限公司). As of the Latest Practicable Date, none of the limited partners of SDIC Shanghai held 30% or more partnership interest.

SDIC Shanghai focuses on equity investments in the biopharmaceutical sector. It has invested in a number of biotech companies, including, BioCytoGen Pharmaceuticals (Beijing) Co., Ltd. (百奧賽圖(北京)醫藥科技股份有限公司), a company listed on the Stock Exchange (stock code: 2315). As of December 31, 2025, SDIC Shanghai had assets under management of approximately RMB10 billion with a paid-up capital of approximately RMB10 billion. SDICVC is a leading professional venture fund management institution with a focus on biotech, digital information, advanced manufacturing and material energy sections and has invested in over 50 biotech companies, including but not limited to, RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 688331) and the Stock Exchange (stock code: 9995), Keymed Biosciences Inc. (康諾亞生物醫藥科技有限公司), a company listed on the Stock Exchange (stock code: 2162), Biocytogen Pharmaceuticals (Beijing) Co., Ltd. (百奧賽圖(北京)醫藥科技股份有限公司), a company listed on the Stock Exchange (stock code: 2315), and TransThera Sciences (Nanjing), Inc. (藥捷安康(南京)科技股份有限公司), a company listed on the Stock Exchange (stock code: 2617). To the best knowledge of our Directors, each of SDIC (Shanghai) Venture Capital Management Co., Ltd., SDICVC, China SDIC Gaoxin Industrial Investment Corp. Ltd., State-owned Assets Supervision and Administration Commission of the State Council and the limited partners of SDIC Shanghai is an Independent Third Party.

Junlian Xinkang

Junlian Xinkang is a limited partnership established in the PRC. The general partner of Junlian Xinkang is Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is a wholly-owned subsidiary of Junlian Capital Management Co., Ltd. (君聯資本管理股份有限公司) (“**Junlian Capital**”), which in turn is ultimately controlled by Zhu Linan (朱立南), Chen Hao (陳浩), Wang Nengguang (王能光) and Li Jiaqing (李家慶), each an Independent Third Party. None of the limited partners of Junlian Xinkang hold 30% or more partnership interest therein. Junlian Xinkang is principally engaged in equity investment, with a fund size of approximately RMB1.6 billion as of December 31, 2025. Junlian Xinkang has invested in more than 10 biotech and healthcare companies, such as Jiangsu Recbio Technology Co., Ltd. (江蘇瑞科生物技術股份有限公司), a company listed on the Stock Exchange (stock code: 2179) and Jiangsu Hanbon Science and Technology Co., Ltd. (江蘇漢邦科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688755).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Junlian Capital was established in April 2001 and is a leading professional investment institution in China specializing in early-stage venture capital and growth-stage private equity investments. It focuses on the fields of intelligent manufacturing, healthcare, technology, mass consumption and enterprise services, with approximately RMB80 billion of assets under its management as of December 31, 2025. With a track record of investing in biotech and healthcare sectors, Junlian Capital has invested in companies engaged in the biopharmaceutical, manufacturing and R&D services to pharmaceutical industry, new drug discovery and biotech, including Innovent Biologics, Inc (信達生物製藥), a company listed on the Stock Exchange (stock code: 1801), HBM Holdings Limited (和鉑醫藥控股有限公司), a company listed on the Stock Exchange (stock code: 2142), Beijing Kawin Technology Share-holding Co., Ltd. (北京凱因科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688687), Aidite (Qinhuangdao) Technology Co., Ltd. (愛迪特(秦皇島)科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301580), Wuhan Easy Diagnosis Biomedicine Co., Ltd. (武漢明德生物科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002932), WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a company listed on the Stock Exchange (stock code: 2359) and Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司), a company listed on the Stock Exchange (stock code: 3759).

To the best knowledge of our Directors, each of Junlian Xinkang, Lhasa Junqi Enterprise Management Co., Ltd., Junlian Capital and the limited partners of Junlian Xinkang is an Independent Third Party.

Suzhou Fanmao

Suzhou Fanmao is a limited partnership established in the PRC. The general partner of Suzhou Fanmao is Yuanju Capital Management Co., Ltd. (元聚資本管理有限公司), which is ultimately controlled by Huang Liwei (黃立偉), an Independent Third Party. Among the limited partners of Suzhou Fanmao, Suzhou Industrial Park Yuanju Kaiyuan Investment Partnership Enterprise (Limited Partnership) (蘇州工業園區元聚開圓投資合夥企業(有限合夥)) holds approximately 31.52% limited partnership interest therein, which is ultimately controlled by Huang Liwei and none of the remaining limited partners of Suzhou Fanmao holds 30% or more partnership interest therein. Suzhou Fanmao is principally engaged in growth-stage private equity investment, and accumulated experience in financing for the development of biotech companies and companies specializing in biopharmaceutical and medical equipment. With approximately seven years of investment experience in these sectors, its portfolio includes Puyi (Shanghai) Biotechnology Co., Ltd. (浦易(上海)生物技術股份有限公司) and Shanghai Huiyueyan Biotechnology Co., Ltd. (上海匯悅妍生物科技有限公司), etc. As of December 31, 2025, Suzhou Fanmao had assets under management exceeding RMB100 million. To the best knowledge of our Directors, each of Yuanju Capital Management Co., Ltd. and the limited partners of Suzhou Fanmao is an Independent Third Party.

Huaige Health and Huaige Ruixin

Huaige Health is a limited partnership established under the laws of the PRC and is principally engaged in equity investment management in the healthcare and biotechnology industries. The general partner of Huaige Health is Wang Kai (王鐸), an Independent Third Party, holding 82.5% equity interest in the partnership. None of the three limited partners of Huaige Health holds a partnership interest of 30% or more. To the best knowledge of our Directors, each of the limited partners of Huaige Health is an Independent Third Party.

Huaige Ruixin is a limited partnership established under the laws of the PRC and is principally engaged in venture capital and equity investment in the healthcare and biotechnology industries. Huaige Ruixin has invested in a number of healthcare and biotech companies, including Shanghai Ruiyi Pharmaceutical Technology Co., Ltd. (上海瑞一醫藥科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 836193). As of December 31, 2025, Huaige Ruixin had assets under management of approximately RMB433 million. The general partner of Huaige Ruixin is Huaige Health, which holds a 1.20% partnership interest in Huaige Ruixin. As of the Latest Practicable Date, Huaige Ruixin had 19 limited partners, none of which holds 30% or more partnership interest

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

therein, with the two largest limited partners, Shanghai INT Medical Instruments Co., Ltd. (a company listed on the Stock Exchange (Stock Code: 1501)) and Warom Technology Incorporated Company (華榮科技股份有限公司) (a company listed on the Shanghai Stock Exchange (Stock Code: 603855), each holding 15.83% of Huaige Ruixin’s partnership interests. To the best knowledge of our Directors, each of the limited partners of Huaige Ruixin is an Independent Third Party.

Huaige Ruixin is the investment arm of Huaige Capital (懷格資本). Huaige Capital was founded in 2017 and is headquartered in Shanghai. It is a professional investment institution focusing on the medical and health care and biotechnology fields. As of December 31, 2025, Huaige Capital held assets under management exceeding RMB2.8 billion. Its investment portfolio includes Shanghai INT Medical Instruments Co., Ltd. (a company listed on the Stock Exchange (Stock Code: 1501)), Nanjing Leads Biolabs Co., Ltd. (a company listed on the Stock Exchange (stock code:9887)) and Cofoe Medical Technology Co.,Ltd. (可孚醫療科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 301087)), etc.

Ruiji Phase III and Ruiji Phase X

Each of Ruiji Phase III and Ruiji Phase X is a limited partnership established in the PRC. The general partner of both Ruiji Phase III and Ruiji Phase X is Shenzhen Zhenji Capital Private Equity Investment Management Co., Ltd. (深圳市貞吉資本私募股權投資管理有限公司), which is ultimately controlled by Dai Shan (戴珊) and Zhao Xiaoqiang (趙小強), each an Independent Third Party. Among the limited partners of Ruiji Phase III, Pi Hailing (皮海玲), an Independent Third Party, holds approximately 31.01% limited partnership interest therein and none of the remaining limited partners of Ruiji Phase III holds 30% or more partnership interest. Among the limited partners of Ruiji Phase X, Shenzhen Bowei Technology Co., Ltd. (深圳博偉科技有限公司) (“**Shenzhen Bowei**”) holds approximately 45.05% limited partnership interest therein and none of the remaining limited partners of Ruiji Phase X holds 30% or more partnership interest. Shenzhen Bowei is a wholly-owned subsidiary of Shenzhen Bolin Group Co., Ltd. (深圳博林集團有限公司), which in turn is ultimately controlled by Lin Renhao (林仁顥). To the best knowledge of our Directors, each of Shenzhen Zhenji Capital Private Equity Investment Management Co., Ltd. and the limited partners of Ruiji Phase III and Ruiji Phase X is an Independent Third Party.

Ruiji Phase III focuses on investing in biopharmaceutical companies, which includes ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司), a company listed on the Stock Exchange (stock code: 01541). As of December 31, 2025, Ruiji Phase III had assets under management of approximately RMB258 million. Ruiji Phase X focuses on investing in innovative technology and biopharmaceutical companies, with assets under management of approximately RMB88.8 million as of December 31, 2025.

Ruiji Phase III and Ruiji Phase X are both venture capital funds, which are managed by Shenzhen Zhenji Capital Private Equity Investment Management Co., Ltd. (深圳市貞吉資本私募股權投資管理有限公司) (“**Zhenji Capital**”). As of December 31, 2025, Zhenji Capital had managed more than ten funds with assets under management exceeding RMB1.3 billion. Zhenji Capital has participated in investments in numerous innovative pharmaceutical technology and advanced manufacturing companies. Among the funds managed by Zhenji Capital, ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司) (stock code: 01541) and Nanjing Leads Biolabs Co., Ltd. (南京維立志博生物科技股份有限公司) (stock code: 09887) are listed on the Stock Exchange, and Mabwell (Shanghai) Bioscience Co., Ltd. (邁威(上海)生物科技股份有限公司) (stock code: 688062) is listed on the Shanghai Stock Exchange.

Junshi Biosciences and Wuxi Runyuan

Junshi Biosciences is a joint stock limited liability company established in the PRC, whose H shares are listed on the Stock Exchange (stock code: 1877) and A shares are listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688180). Junshi Biosciences is an innovation-driven biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialization on a global scale.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Wuxi Runyuan is a limited partnership established in the PRC. The general partner of Wuxi Runyuan is Junshi Venture Capital (Hainan) Co., Ltd. (君實創業投資(海南)有限公司), which is a wholly-owned subsidiary of Junshi Biosciences. Among the limited partners of Wuxi Runyuan, Junshi Biosciences holds 59.80% limited partnership interest therein and none of the remaining limited partners of Wuxi Runyuan holds 30% or more partnership interest. Wuxi Runyuan is principally engaged in venture capital investment in biopharmaceutical sector and medical and health industry, in particular on emerging biotechnologies in oncology, metabolic, autoimmune, and anti-infective indications. Wuxi Runyuan has invested over RMB420 million in 12 projects, covering antibody drugs, small molecule drugs, cancer vaccines, cell therapy, and interventional medical devices. Its portfolio includes Shanghai Haihe Pharmaceutical Research and Development Co Ltd (上海海和藥物研究開發股份有限公司), ShenZhen Oculgen Biomedical Technology Limited Company (深圳歐科健生物醫藥科技有限公司) and Wuxi Shengliao Exploration Pharmaceutical Technology Co., Ltd. (無錫生療探索醫藥科技有限公司). As of December 31, 2025, Wuxi Runyuan had assets under management of approximately RMB630 million. To the best knowledge of our Directors, each of Junshi Venture Capital (Hainan) Co., Ltd. and the limited partners of Wuxi Runyuan is an Independent Third Party.

Peikun Jingrong and Peikun Songfu

Peikun Jingrong is a limited partnership established in the PRC. The general partner of Peikun Jingrong is Chengdu Peikun Shenghua Private Equity Investment Fund Management Partnership Enterprise (Limited Partnership) (成都沛坤晟華私募股權投資基金管理合夥企業(有限合夥)), which is controlled and managed by Chengdu Shenghua Chuanghe Investment Management Partnership Enterprise (Limited Partnership) (成都晟華創合投資管理合夥企業(有限合夥)) (“**Chengdu Shenghua**”) as its general partner, which is in turn ultimately controlled by Zhang Tao (張濤) and Pan Sha (潘莎), each an Independent Third Party. None of the limited partners of Peikun Jingrong holds 30% or more partnership interest therein. Peikun Jingrong is principally engaged in equity investment. Peikun Jingrong primarily invests in innovative companies in emerging industries during their early to mid-stage, including companies in biopharmaceuticals and electronic information sectors. With over seven years of investment experience in biotech sectors, Peikun Jingrong has invested in several biotech companies, including Hinova Pharmaceuticals Inc. (海創藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688302) and Serena (China) Medical Technology Co., Ltd. (賽雷納(中國)醫療科技有限公司). As of December 31, 2025, Peikun Jingrong had assets under management exceeding RMB250 million, with fund size of approximately RMB254 million. To the best knowledge of our Directors, each of the limited partners of Peikun Jingrong is an Independent Third Party.

Peikun Songfu is a limited partnership established in the PRC. The general partner of Peikun Songfu is Chengdu Shenghua. Among the limited partners of Peikun Songfu, Chengdu Peikun Xinjingrong Technology Co., Ltd. (成都沛坤新菁蓉科技有限公司) (“**Chengdu Xinjingrong**”) holds approximately 70.76% limited partnership interest therein and none of the remaining limited partners of Peikun Songfu holds 30% or more partnership interest. Chengdu Xinjingrong is ultimately controlled by Zhang Tao and Pan Sha. Peikun Songfu is principally engaged in equity investment, in particular investing in technology companies such as Beijing X-charge Technology Co., Ltd. (北京智充科技有限公司), in which its holding company, XCHG Limited, is listed on the Nasdaq Stock Exchange in the United States (stock code: XCH). As of December 31, 2025, Peikun Songfu had assets under management exceeding RMB11 million. To the best knowledge of our Directors, each of Chengdu Shenghua and the limited partners of Peikun Songfu is an Independent Third Party.

STAT Fund

STAT Fund is a limited partnership established in the PRC, which is principally engaged in venture capital investments in the biopharmaceuticals, electronic information, healthcare and new energy industries. It has invested in 13 companies, including Chengdu Zeling Biopharmaceutical Technology Co., Ltd. (成都曠靈生物醫藥科技股份有限公司), Jingze Biopharmaceutical (Hefei) Co., Ltd (景澤生物醫藥(合肥)股份有限公司), Sichuan Ruobin Biotechnology Co., Ltd. (四川若斌生物科技有限責任公司) and Chengdu Shibeikang Biotechnology Co., Ltd. (成都施貝康生物醫藥科技有限公司). As of December 31, 2025, STAT Fund had assets under management of approximately RMB179 million.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The general partner of STAT Fund is Sichuan Innovation and Development Investment Management Co., Ltd. (四川創新發展投資管理有限公司) (“**Sichuan Innovation Investment**”), which is ultimately controlled by Sichuan Provincial Department of Finance (四川省財政廳). Among the limited partners of STAT Fund, Sichuan Industrial Revitalization Fund Investment Group Co., Ltd. (四川產業振興基金投資集團有限公司) holds approximately 50.06% limited partnership interest therein, which is ultimately controlled by Sichuan Provincial Department of Finance. None of the remaining limited partners of STAT Fund holds 30% or more partnership interest. Sichuan Innovation Investment has nurtured entrepreneurship and innovation, backing numerous technology-based small and medium-sized enterprises (SMEs). Sichuan Innovation Investment manages a portfolio of entrepreneurship and innovation funds, technology transfer funds, and various market-oriented funds, raising approximately RMB4 billion and investing in over 160 technology-based SMEs, five of which are listed companies. It has extensive investment in various sectors, including healthcare, electronics and information technology, equipment manufacturing, and new energy. To the best knowledge of our Directors, each of Sichuan Innovation and Development Investment Management Co., Ltd., Sichuan Provincial Department of Finance and the limited partners of STAT Fund is an Independent Third Party.

Xiamen Jianfa

Xiamen Jianfa is a limited partnership established in the PRC, which is principally engaged in equity investment, focusing on the healthcare, advanced manufacturing, telecommunication, media and telecom (TMT), and consumer sectors. The general partner and the sole limited partner of Xiamen Jianfa are Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) (“**Xiamen Jianxin**”) and Xiamen C&D Emerging Industries Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司) (“**Xiamen C&D**”), respectively. Xiamen Jianxin is controlled by Xiamen C&D, and both of which are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People’s Government (廈門市人民政府國有資產監督管理委員會). To the best knowledge of our Directors, each of Xiamen C&D and Xiamen Jianxin is an Independent Third Party.

Xiamen C&D is principally engaged in equity and fund investments, focusing on medical health, advanced manufacturing, TMT, and consumer sectors. It has invested in a number of companies in the biopharmaceutical sectors, which includes Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300759) and the Stock Exchange (stock code: 3759), Bloomage Biotechnology Corporation Limited (華熙生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688363), RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688331) and the Stock Exchange (stock code: 09995), APT Medical Inc. (深圳惠泰醫療器械股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688617), and Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2190). As of December 31, 2025, Xiamen C&D had assets under management approximately RMB32 billion.

Chengyu Tuanjiehu Fund and Jiangjin Fund

Chengyu Tuanjiehu Fund is a limited partnership established in the PRC. The general partners of Chengyu Tuanjiehu Fund are Chengdu Jizhuan Venture Capital Co., Ltd. (成都技轉創業投資有限公司) (“**Chengdu Jizhuan VC**”) and Huada (Chongqing) Private Equity Investment Fund Management Co., Ltd. (華達(重慶)私募股權投資基金管理有限公司) (“**Huada PE**”). Among the limited partners of Chengyu Tuanjiehu Fund, Chengdu Wutongshu Innovation and Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (成都梧桐樹創新創業投資合夥企業(有限合夥)) (“**Chengdu Wutongshu**”) and Chongqing Jiangjin District Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (重慶市江津區私募股權投資基金合夥企業(有限合夥)) (“**Chongqing Jiangjin PE**”) hold 54.80% and 43.52% limited partnership interest, respectively. Chengdu Jizhuan VC and Chengdu Wutongshu are ultimately controlled by Chengdu State-owned Assets Supervision and Administration Commission (成都市國有資產監督管理委員會). Huada PE and Chongqing Jiangjin PE are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Jiangjin District, Chongqing City (重慶市江津區國有資產監督管理委員會). The remaining limited partner of Chengyu Tuanjiehu Fund holds

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

less than 30% partnership interest. Chengyu Tuanjiehu Fund is principally engaged in equity investment, in particular investing in companies engaged in green and low-carbon development, new materials, new energy, electronic information, advanced manufacturing, life sciences, and other technological innovation sectors. Chengyu Tuanjiehu Fund has approximately two years of investment experience in biotech industry and invested in several biotech companies. As of December 31, 2025, Chengyu Tuanjiehu Fund had assets under management of approximately RMB140 million. To the best knowledge of our Directors, each of Chengdu Jizhuan VC, Huada PE, Chengdu State-owned Assets Supervision and Administration Commission, State-owned Assets Supervision and Administration Commission of Jiangjin District, Chongqing City and the limited partners of Chengyu Tuanjiehu Fund is an Independent Third Party.

Jiangjin Fund is a limited partnership established in the PRC. The general partner of Jiangjin Fund is Huada PE. Among the limited partners of Jiangjin Fund, Chongqing Jiangjin District Huaxin Asset Management (Group) Co., Ltd. (重慶市江津區華信資產經營(集團)有限公司) and Western (Chongqing) Science City Jiangjin Park Development and Construction Group Co., Ltd. (西部(重慶)科學城江津園區開發建設集團有限公司) hold 50.00% and 49.00% limited partnership interest, respectively, both of which are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Jiangjin District, Chongqing City. The remaining limited partner of Jiangjin Fund holds less than 30% partnership interest. Jiangjin Fund is principally engaged in equity investment and has invested in over 10 companies. As of December 31, 2025, Jiangjin Fund had assets under management of approximately RMB1.4 billion. To the best knowledge of our Directors, each of the limited partners of Jiangjin Fund is an Independent Third Party.

Huike Fund

Huike Fund is a limited partnership established in the PRC. The general partner and executive partner of Huike Fund is Hefei Xingtai Asset Management Co., Ltd. (合肥興泰資產管理有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Hefei City (合肥市人民政府國有資產監督管理委員會). Among the limited partners of Huike Fund, Anhui Province Industrial Transformation and Upgrading Fund Co., Ltd. (安徽省產業轉型升級基金有限公司) holds 39.80% limited partnership interest, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Anhui Province (安徽省人民政府國有資產監督管理委員會). None of the remaining limited partners of Huike Fund holds 30% or more partnership interest. Huike Fund is principally engaged in equity investment in key sectors, such as integrated circuits, display technologies, new materials, biopharmaceutical, new energy vehicles and intelligent connected vehicles, photovoltaics and new energy, artificial intelligence, quantum computing, and aerospace information technology. As of December 31, 2025, Huike Fund had assets under management of approximately RMB195.7 million. To the best knowledge of our Directors, each of Hefei Xingtai Asset Management Co., Ltd., State-owned Assets Supervision and Administration Commission of the People’s Government of Hefei City and the limited partners of Huike Fund is an Independent Third Party.

Huace Xinming

Huace Xinming is a limited partnership established in the PRC. The general partners of Huace Xinming are Huaxing Kangping Private Fund Management (Fuzhou) Co., Ltd. (華興康平私募基金管理(福州)有限公司) (formally known as Huaxing Kangping Pharmaceutical Industry Private Equity Fund Management (Pingtan) Co., Ltd. (華興康平醫藥產業私募基金管理(平潭)有限公司)) (“**Huaxing Kangping**”) and Fujian Province Innovation and Entrepreneurship Investment Management Co., Ltd. (福建省創新創業投資管理有限公司) (“**Fujian Innovation and Entrepreneurship Investment**”). Huaxing Kangping is ultimately controlled by Zhang Lu (張露). Fujian Innovation and Entrepreneurship Investment is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Fujian Province. Among the limited partners of Huace Xinming, Fuzhou Xintou Venture Capital Co., Ltd. (福州新投創業投資有限公司) holds 65.00% limited partnership interest therein, which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Fuzhou City (福州市人民政府國有資產監督管理委員會). None of the remaining limited partners of Huace Xinming holds 30% or more partnership interest. Huace Xinming is principally

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

engaged in the investment of private equity funds, focusing on the fields of biomedicine, medical equipment and medical services. Huace Xinming has invested in several biotech companies, which include Nanjing Ningdan New Drug Technology Co., Ltd. (南京寧丹新藥技術股份有限公司) and Chengdu Shilian Kangjian Biotechnology Co., Ltd. (成都世聯康健生物科技有限公司). As of December 31, 2025, Huace Xinming had assets under management of approximately RMB249 million. To the best knowledge of our Directors, each of Huaxing Kangping, Fujian Innovation and Entrepreneurship Investment, Zhang Lu and the limited partners of Huace Xinming is an Independent Third Party.

Baohe Linghang

Baohe Linghang, a limited partnership established in the PRC, is a venture capital fund, which focuses on investing in companies engaging in new energy and intelligent connected vehicles, artificial intelligence, creative culture, testing and inspection, healthcare, new materials, quantum technology, high-end equipment, aerospace information, and integrated circuits. Baohe Linghang has invested in over 10 companies, with fund size of approximately RMB500 million. As of December 31, 2025, it had assets under management of approximately RMB318 million. The general partner and the sole limited partner of Baohe Linghang are Hefei Baohe Innovation Investment Private Equity Fund Management Co., Ltd. (合肥包河創新投資私募基金管理有限公司) (“**Baohe Investment**”) and Hefei Baohe District High-Quality Development Fund Co., Ltd. (合肥市包河區高質量發展基金有限公司), respectively, both of which are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Baohe District People’s Government, Hefei City (合肥市包河區人民政府國有資產監督管理委員會). None of the limited partners of Baohe Linghang holds 30% or more partnership interest. To the best knowledge of our Directors, each of Hefei Baohe Innovation Investment Private Equity Fund Management Co., Ltd., Hefei Baohe District High-Quality Development Fund Co., Ltd., State-owned Assets Supervision and Administration Commission of Baohe District People’s Government, Hefei City and the limited partner of Baohe Linghang is an Independent Third Party.

Baohe Investment is the fund manager of Baohe Linghang, which focuses on private equity investment. Baohe Investment currently manages funds with a total size of over RMB6 billion and has more than two years of investment experience in the biotech sector.

Chengdu Chunlei

Chengdu Chunlei is a limited partnership established in the PRC. The general partner of Chengdu Chunlei is Hainan Boyuan Qiji Investment Partnership Enterprise (Limited Partnership) (海南博源騏驎投資合夥企業(有限合夥)), which is ultimately controlled by Liu Yao (劉曜). Among the limited partners of Chengdu Chunlei, Chengdu High-tech Zone Chuangke Tou Angel Equity Investment Fund Partnership Enterprise (Limited Partnership) (成都高新區創科投天使股權投資基金合夥企業(有限合夥)) holds 40.00% limited partnership interest, which is ultimately controlled by State-owned Assets Supervision and Finance Bureau of Chengdu High-tech Industrial Development Zone (成都高新技術產業開發區財政國資局). None of the remaining limited partners of Chengdu Chunlei holds 30% or more partnership interest. Chengdu Chunlei is principally engaged in equity investment, specializing in early-stage venture capital and growth-stage private equity investments. As of December 31, 2025, Chengdu Chunlei had assets under management of approximately RMB200 million.

Chengdu Beyond Capital Management Co., Ltd. (成都博源投資管理有限公司) (“**Beyond Capital**”) is the fund manager of Chengdu Chunlei. Founded in 2008, Beyond Capital is a venture capital management institution with assets under management exceeding RMB2 billion as of December 31, 2025. It focuses on investing in early-stage ventures of the country’s strategic emerging industries. To the best knowledge of our Directors, each of Hainan Boyuan Qiji Investment Partnership Enterprise (Limited Partnership), Liu Yao and the limited partners of Chengdu Chunlei is an Independent Third Party.

Ms. Zhang Naiye

Ms. Zhang Naiye is an Independent Third Party. Ms. Zhang has approximately 10 years of investment experience, who focuses on investments in the consumer sectors.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

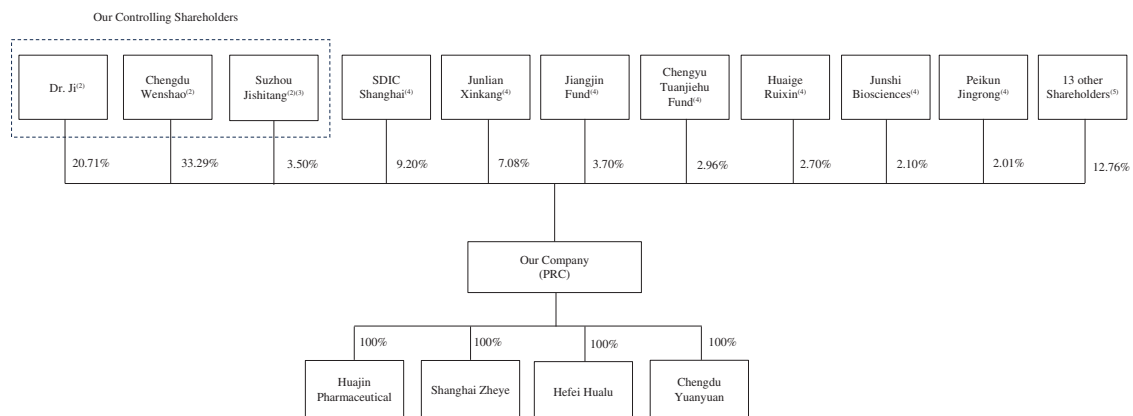
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Compliance with the Guide

On the bases that (i) the [REDACTED], being the first day of [REDACTED] of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the Pre-[REDACTED] Investments; and (ii) the special rights granted to the Pre-[REDACTED] Investors have been terminated as disclosed in “—Special Rights of the Pre-[REDACTED] Investors” above, the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with the guidance on pre-[REDACTED] investments in Chapter 4.2 of the Guide.

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The following chart sets forth the corporate structure of our Group immediately before the completion of the [REDACTED]:



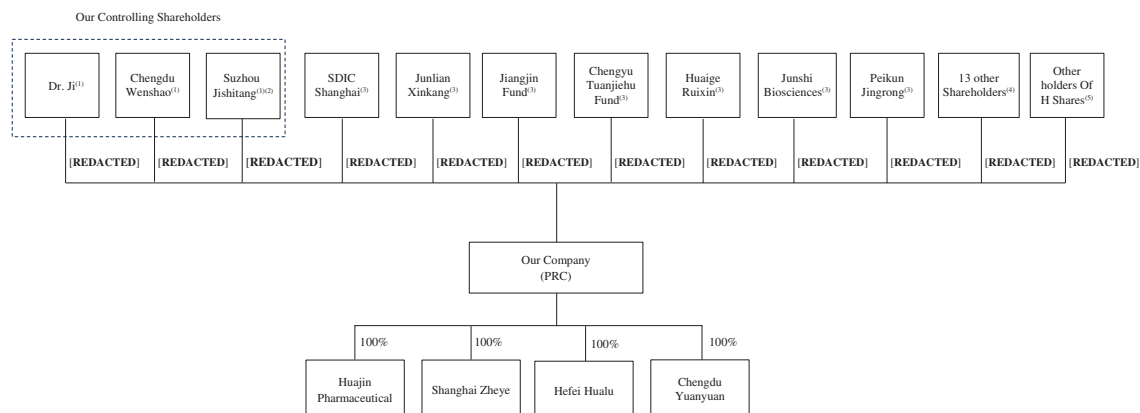
Notes:

- (1) Shareholding percentages may not add up to 100% due to rounding.
- (2) Dr. Ji, Chengdu Wenshao and Suzhou Jishitang comprise a group of Controlling Shareholders. See “Relationship with Our Controlling Shareholders” for further details.
- (3) For the details of the background information of Suzhou Jishitang, see “—Employee Incentive Platforms” above.
- (4) For the details of the background information of SDIC Shanghai, Junlian Xinkang, Jiangjin Fund, Chengyu Tuanjiehu Fund, Huaige Ruixin, Junshi Biosciences and Peikun Jingrong, see “—Pre-[REDACTED] Investments—Information about the Pre-[REDACTED] Investors” above.
- (5) Such 13 other Shareholders include Ruiji Phase III, STAT Fund, Xiamen Jianfa, Ms. Zhang Naiye, Huike Fund, Ruiji Phase X, Suzhou Fanmao, Chengdu Chunlei, Wuxi Runyuan, Huace Xinming, Baohe Linghang, Huaige Health and Peikun Songfu, holding 1.72%, 1.58%, 1.46%, 1.46%, 1.11%, 1.11%, 1.01%, 0.83%, 0.74%, 0.74%, 0.74%, 0.17% and 0.08% of our total number of issued Shares as of the Latest Practicable Date, respectively. For details on the background of these Shareholders, see “—Pre-[REDACTED] Investments—Information about the Pre-[REDACTED] Investors” above.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth the corporate structure of our Group immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

- (1) to (4) Please refer to “—Corporate Structure Immediately Before the Completion of the [REDACTED]” above.
- (5) Other holders of H Shares are the Shareholders subscribing for the [REDACTED].

BUSINESS

OVERVIEW

We are founded by a team of industrial experts dedicated to researching and developing therapies for autoimmune, metabolic and oncology diseases. By identifying clinical needs and working backward from desired outcomes, we strive to deliver improved treatment solutions.

We have built a development platform for small molecule drugs. On this platform, we combine in silico and experimental drug design and screening, targeted and rapid drug-likeness evaluation, and efficient CMC development and clinical research. Using this integrated approach, we have advanced multiple drug candidates with significant differentiation across various therapeutic areas.

We have developed a strategically designed and differentiated pipeline. This includes three Core Products, namely HJ787, a selective TYK2 inhibitor intended for the treatment of various skin disorders, including atopic dermatitis (AD) and acne vulgaris (AV), in the autoimmune sector, HJ178, an orally available agent acting on GLP-1 and GIP, intended for type 2 diabetes and potentially overweight or obesity in the metabolic sector, and HJ891, an oral KRAS^{G12C} inhibitor intended for the treatment of non-small-cell lung cancer (NSCLC) with KRAS^{G12C} mutation that has progressed following first-line standard therapies as monotherapy and non-squamous NSCLC with KRAS^{G12C} mutation as first-line combination therapy, in the oncology section. Our pipeline also includes other drug candidates, including our key drug candidate HJ197, a potent and selective FGFR4 inhibitor intended for hepatocellular carcinoma (HCC), also a self-developed, small-molecule, NMPA Category 1 innovative therapy, and five preclinical drug candidates: HJ356, a self-developed, small-molecule, NMPA Category 1 innovative therapy and an Lp(a) inhibitor designed to reduce the risk of cardiovascular disease and atherosclerosis and HJ093, a self-developed, small-molecule, NMPA Category 1 innovative therapy and a novel SMDC consisting of a small molecule conjugation arm and a payload that targets the RAS/MAPK signaling pathway. HJ199 is a self-developed, oral, small-molecule NMPA Category 1 innovative therapy that functions as an inhibitor that acts on RAS in its active (“ON”) state. RAS is one of the most frequently mutated oncogenes in human cancers, commonly found in lung, pancreatic, and colorectal malignancies. HJ198 is a self-developed, oral, small-molecule NMPA Category 1 innovative therapy and a potent, molecular glue inhibitor targeting KRAS^{G12V} variants. KRAS^{G12V} is among the most frequent RAS hotspot mutation categories. HJ086 is a self-developed, oral, small-molecule NMPA Category 1 innovative interleukin-2-inducible T-cell kinase (ITK) inhibitor, and ITK is a T-cell Tec family kinase that mediates TCR signaling, driving T cell development and Th2/Th9/Th17 responses, thereby controlling pro-inflammatory cytokine expression.

Disease Area	Program	Modality (Drug Category under the Drug Administration Law)	Target/Pathway	Indication (line of treatment and patient group)	Route of Administration	R&D	Preliminary	IND Approval	Phase I	Phase II	Pivotal Phase IV/ Phase III	Current Status/Key Regulatory Authority	Current Status/Jointing Milestone ^(*)	Commercial Rights	Collaborators
Autoimmune	★ HJ78 ^(*)	Small molecule (Cat. 1 of Chemical Drugs)	TYK2	mild-to-moderate AD (adult) ●	Topical administration	Self-developed	■	■	■	■	■	NMPA	Initiated Phase II in September 2024, complete the trial in September 2026, initiate Phase III in 2H 2026, complete the trial in 1H 2028; submit IND to FDA in March 2027	Global	/
				mild-to-moderate AV (adult)	Topical administration	Self-developed	■	■	■	■	■	NMPA	Initiated Phase IIa in February 2025, complete the trial in May 2026, initiate Phase IIb in 2H 2026, complete the trial in 1H 2027; submit IND to FDA in 2H 2026	Global	
				ND (adult)	Topical administration	Self-developed	■	■	■	■	■	NMPA	Initiated Phase II in August 2024 and completed Phase I in January 2025, initiate Phase III in 1H 2027, complete the trial in 2H 2029	Global	
				Ps (adult)	Topical administration	Self-developed	■	■	■	■	■	NMPA	Obtained IND approval in April 2024	Global	
				AD (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Obtained IND approval in June 2024	Global	
				ND (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Obtained IND approval in June 2024	Global	
Metabolism	★ HJ178	Small molecule (Cat. 1 of Chemical Drugs)	GLP-1/GIPR ^(*)	Ps (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Obtained IND approval in June 2024	Global	/
				AD (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to NMPA in 2H 2027	Global	
				Type-2 diabetes (adult) ●	Oral administration	Self-developed	■	■	■	■	■	NMPA	Initiated Phase II in July 2025, complete the trial in 1H 2027, submit Phase III in 1H 2027, complete the trial in 2H 2028; submit IND to FDA in December 2026	Global	
				Overweight or obesity (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to NMPA and FDA in October 2026	Global	
				Cardiovascular disease and atherosclerosis (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to NMPA and FDA in 2H 2026	Global	
				NSCLC with KRAS ^{G12C} mutation following first-line standard therapies (2L+) ^(*) ●	Oral administration	Self-developed	■ Mono	■	■	■	■	NMPA	Initiated Phase Ib clinical trial in January 2024, and complete Phase Ib in June 2025, complete the trial in May 2026, submit NDA in 2H 2026	Global	
Oncology	★ HJ891	Small molecule (Chemical Drugs)	KRAS ^{G12C}	NSCLC with KRAS ^{G12C} mutation (2L) ^(*) ●	Oral administration	Self-developed	■ Combo	■	■	■	■	NMPA	Initiated Phase Ib clinical trial in January 2024, and complete Phase Ib in June 2025, complete the trial in 2H 2026	Global	Juize Chuangyao
				Non-squamous NSCLC with KRAS ^{G12C} mutation (Combo: toripalimab) ^(*) (adult)	Oral administration + intravenous injection	Self-developed	■ Combo	■	■	■	■	NMPA	Received approval for Phase III in August 2025, initiate Phase III in July 2026	Global (Other than Asian countries and regions)	
				advanced Hepatocellular carcinoma (Ca. 1 of Chemical Drugs) ^(*) (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to the NMPA in 2H 2026	Global	
				Solid tumors (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to the NMPA in 2H 2026	Global	
				Solid tumors (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to the NMPA in 2H 2026	Global	
				Solid tumors (adult)	Oral administration	Self-developed	■	■	■	■	■	NMPA	Submit IND to the NMPA in 1H 2027	Global	

Core Product	Abbreviations:
★	1H = first half; 2H = second half; AD = Atopic dermatitis; A/Ve = Atopic vulgaris; Combo = combination therapy; FGFR4 = Fibroblast growth factor receptor4; GIP = Gastric inhibitory polypeptide; GLP-1 = Glucagon-like peptide-1; HCC: hepatocellular carcinoma; IND = investigational new drug application; KRAS ^{G12V} = Kirsten rat sarcoma virus oncogene family G12C, G12V = Lipoproteins; MAPK: mitogen-activated protein kinase; MOC = monotherapy; NSCLC = non-small cell lung cancer; ND = Neurodermatitis; RAS = Rat sarcoma; SMDP = Small molecule-drug conjugates; TYK2 = Tyrosine kinase 2
▲	Key Product
●	Lead Indication: the indication in the most advanced stage of clinical development

BUSINESS

Notes:

- (1) We received IND approvals for HJ787 as both oral and topical treatments for AD, ND and Ps, and as topical treatment for AV. We plan to prioritize the development of topical treatments for AD and AV.
- (2) HJ178 acts through multiple mechanisms. The use of HJ178 simultaneously increases GLP-1 secretion and reduces GIP secretion, thereby producing glucose-lowering effects and providing weight-loss benefits.
- (3) We commenced a single-arm pivotal Phase IIb clinical trial in June 2023 and expect to submit an NDA to the CDE in the second half of 2026. The CDE may require us to initiate a confirmatory phase III trial before granting conditional approval.
- (4) We are developing HJ891 as a combination therapy with toripalimab (a PD-1 inhibitor) for non-squamous NSCLC with KRAS^{G12C} mutation. Toripalimab (TUOYI[®]) is PD-1 inhibitor developed by Junshi Biosciences, which was approved for marketing in China in 2018. The Ind approval for HJ891 as combination therapy covers only toripalimab developed by Junshi Biosciences. Combining HJ891 with any other approved PD-1 inhibitor will require prior CDE approval. Junshi Biosciences does not have any rights in HJ891, whether as monotherapy or combination therapy, and will not acquire any ownership, co-development rights, commercialization rights, profit-sharing rights, or other economic interests in HJ891 through the supply of toripalimab. As of the Latest Practicable Date, we do not have any toripalimab supply arrangements in the United States.
- (5) In November 2020, we, our wholly owned subsidiary Shanghai Zheyue entered into the HJ197 Agreement with Junshi Biosciences with respect to the joint development and commercialization of HJ197 in the Collaboration Area (all Asian countries and regions). In June 2025, we, Shanghai Zheyue, Junshi Biosciences and Junze Chuangyao entered into the HJ197 Novation Agreement (together with the HJ197 Agreement, “**HJ197 Agreements**”). Pursuant to the HJ197 Agreements, Junze Chuangyao has the option to pay 50% of the actual expenses incurred in Phase I, Phase II and Phase III clinical trials, thereby acquiring a 50% rights and interests in HJ197 in the Collaboration Area, subject to other provisions of the HJ197 Agreements. Other than the Collaboration Area, we hold all rights to HJ197 globally. Our Company is the sponsor for the existing and planned trials and shall be the MAH of HJ197. See “—Collaborations” in this document for details.
- (6) Except for the lead indications, the remaining indications represent indication expansions.
- (7) We currently have no detailed U.S. clinical development plan for HJ787, HJ178, or HJ891 beyond submitting IND applications to the FDA. For HJ787, we will first generate comprehensive safety and efficacy data for the topical formulation before allocation resources to an oral formulation. We have no immediate clinical development plans for HJ787 for the oral treatment of moderate-to-severe AD and ND or the oral or topical treatment of Ps, and this decision is not related to any safety or efficacy concerns.

BUSINESS

We have established a comprehensive R&D system that covers drug design, *in vivo* and *in vitro* activity evaluation, drug metabolism, synthesis, quality research, formulation development, and scale-up. This complete capability allows us to effectively manage the entire drug development process, from molecular selection to clinical trials, giving us distinct advantages and improved efficiency in drug R&D.

Our management and R&D team is led by our scientist-founder Dr. Ji Jianxin, who possesses extensive industry experience and a strong track record in pharmaceutical research and development. Dr. Ji founded our Company in 2017 and has over 20 years of experience in the pharmaceutical and biotechnology sectors, having held senior roles since 2007. He served as executive vice president and director of the Drug Research Institute at Chengdu Diao Pharmaceutical Group, and served as a doctoral supervisor at Chengdu Institute of Biology of the Chinese Academy of Sciences. With a Ph.D. from the Hong Kong Polytechnic University and a postdoctoral fellowship at Vanderbilt University, he has published over 40 academic papers and is the inventor of nearly 30 patents, demonstrating his expertise in the field.

We have gained recognition and support from renowned investors in the biotechnology industry, such as SDIC Shanghai and Junlian Xinkang. Our collaboration with Junshi Biosciences has been highly productive, with equity investment from them that has further strengthened our strategic partnership.

OUR STRENGTHS

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

Discover and develop drug candidates through targeted innovation, leveraging a deep scientific insight

We utilize a specialized end-to-end small molecule discovery and testing platform to identify drug candidates by optimizing their distribution and selectivity in target tissues, enhancing efficacy while minimizing toxicity.

HJ787—the only topical selective TYK2 inhibitor in clinical development in China as of the Latest Practicable Date. Our Core Product, HJ787, is a tyrosine kinase 2 (TYK2) inhibitor. HJ787 offers significant safety advantages, showing no common adverse reactions associated with PDE4 inhibitors and pan-JAK inhibitors, which were observed in their respective clinical trials.

- ***Meaningful efficacy:*** In several inflammatory skin disease models, topical application of HJ787 ointment significantly reduced disease signs and markedly decreased levels of IL-17, IL-22, TNF α , and IFN γ in both blood and skin tissue.

In our ongoing Phase II clinical trial for mild-to-moderate AD, HJ787 ointment showed meaningful efficacy by week 8. In three dosage groups—A1 (0.5%, QD), A2 (3%, QD) and A3 (3%, BID), 25.0%, 30.0% and 62.5% of subjects achieved EASI-75, respectively.

- ***Good safety:*** In our Phase I trial, the PK study showed that HJ787 was minimally absorbed into the bloodstream after single or multiple topical applications, suggesting its safety as a topical treatment. In our Phase II clinical trial for mild-to-moderate AD, all TRAEs observed were mild. Common side effects with pan-JAK inhibitors and PDE4 inhibitors such as headache, nasopharyngitis, upper respiratory tract infection, burning or tingling on the application site, were not observed in our trial.

HJ787's selective TYK2 inhibition avoids the safety concerns and black box warnings commonly associated with traditional pan-JAK inhibitors.

BUSINESS

HJ178—a small molecule with a mechanism that differs from those of existing multi-target drugs. HJ178, one of our Core Products, is an orally available small-molecule intended for type 2 diabetes and potentially overweight or obesity. Use of HJ178 simultaneously increases GLP-1 secretion and reduces GIP secretion, producing glucose-lowering effects and providing weight-loss benefits. Compared to existing injectable GLP-1 related therapies, which often lead to side effects such as nausea, vomiting, and depression, our HJ178 can be used long-term to achieve safe blood sugar reduction, time in range (TIR) improvement and weight loss without vomiting, or mental-related adverse reactions, making it a potential treatment in the diabetes field.

- **Meaningful efficacy.** HJ178 has demonstrated significant postprandial blood sugar-lowering effects, along with meaningful weight reduction, with overall efficacy superior to several currently available therapies. In our completed Phase Ib/IIa clinical trial, repeated dosing of HJ178 by patients with type 2 diabetes led to decreases in blood sugar from baseline by 3.18 mmol/L at 0.5 hours, 5.67 mmol/L at 1 hour, and 5.88 mmol/L at 2 hours after meals. In contrast, patients in the placebo group exhibited increases in postprandial glucose by 1.25, 0.52, and 4.63 mmol/L at the same time points, respectively. In addition to blood sugar control, HJ178 also contributed to weight loss. After a 28-day treatment, body weight reductions from baseline in treatment groups (M1, M2 and M3) were 0.35 kg, 0.56 kg and 1.55 kg, respectively, while the placebo group experienced a reduction of only 0.07 kg.
- **Good safety and tolerability:** In our Phase Ib/IIa clinical trial, HJ178 demonstrated a favorable safety profile compared to commonly used anti-diabetic medications, such as semaglutide. There were no TRAEs that led to dose discontinuation and no AEs that led to dose reduction.

We initiated a Phase II clinical trial in July 2025 in subjects with inadequate dietary and exercise control to further evaluate HJ178’s efficacy in treating type 2 diabetes. We plan to initiate the Phase III trial in the first half of 2027 and submit an NDA to the NMPA for the treatment of type 2 diabetes in the second half of 2028. In parallel, we intend to submit an IND application to the FDA in December 2026 and October 2026 for the treatment of type 2 diabetes and overweight or obesity, respectively.

HJ891—one of the few KRAS^{G12C} inhibitors being developed for first-line treatment in combination with immunotherapy. Our Core Product, HJ891, is a novel PK-profile improved KRAS^{G12C} inhibitor designed for the treatment of NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies. HJ891 showed significant changes in PK while demonstrating outstanding efficacy and safety.

- **Favorable lung-targeted PK enabling improved safety and efficacy.** HJ891 has a unique molecular design that allows it to accumulate preferentially in the lungs, leading to improved safety and efficacy. This lung-targeted PK reduces exposure to the liver and kidneys, which minimizes liver toxicity and allows for lower dosing.
- **Meaningful efficacy.** In our Phase I/IIa clinical trial, HJ891 achieved a confirmed ORR of 47.2% in patients who underwent at least one efficacy assessment in the 640 mg (recommended dose for pivotal trial) QD group, demonstrating its efficacy in treating KRAS^{G12C}-mutant NSCLC patients, while sotorasib showed an ORR of 36%. In our Phase Ib/III clinical trial, where HJ891 was combined with toripalimab, it also showed meaningful efficacy. In the HJ891 640 mg QD combined with toripalimab 240 mg every three weeks (Q3W) treatment cohort, the ORR was 77.8%, rising to an impressive ORR of 92.3% in those with a PD-L1 tumor proportion score (TPS) of 50% or higher. These results suggest that HJ891 may offer improved efficacy for patients with high PD-L1 expression.
- **Good safety profile.** HJ891 has demonstrated a good safety profile in clinical trials. In the Phase I/IIa clinical trial of HJ891 as monotherapy, the incidence of grade 3 or higher TRAEs was 13.5%, significantly lower than those reported for approved products: sotorasib (33%), adagrasib (44.8%), fulzerasib (41.4%), garsorasib (50%), and glecirasib (38.7%), and sosimerasib (40.0%). In the Phase Ib/III clinical trial, the combination of HJ891 and toripalimab showed an acceptable safety profile, with grade 3 or higher TRAEs occurring in 43.2% of patients.

BUSINESS

We have initiated a single-arm, open-label Phase IIb clinical study of HJ891 as a monotherapy targeting KRAS^{G12C} mutated NSCLC. We expect to submit an NDA in the second half of 2026.

For the treatment of non-squamous NSCLC with KRAS^{G12C} mutation as combination therapy with toripalimab as a first-line treatment, we plan to initiate Phase III clinical trial in the second half of 2026 and submit an IND application to the FDA in the second half of 2026.

HJ197—one of the most advanced FGFR4 inhibitors in China in terms of clinical development stage as of the Latest Practicable Date. Our key drug candidates, HJ197, is a potent and selective inhibitor of fibroblast growth factor receptor 4 (FGFR4). We are developing HJ197 as a monotherapy for the treatment of HCC. Currently, there are no FGFR4 inhibitors approved globally.

- ***Superior enzymatic inhibitory potency and selectivity.*** HJ197 demonstrated superior enzymatic inhibitory potency and selectivity against FGFR4 compared to fisogatinib. HJ197 inhibits FGFR4 kinase activity with an IC₅₀ of less than 1 nM, which is more potent than fisogatinib (IC₅₀: 5 nM). HJ197 shows substantially weaker inhibition against FGFR1, FGFR2 and FGFR3, with IC₅₀ values approximately 1,500 fold higher than its FGFR4 IC₅₀, compared to approximately 120 to 440 fold for fisogatinib, indicating greater FGFR4 selectivity for HJ197.
- ***Favorable tissue distribution profile.*** In a study assessing tissue concentrations following oral administration in rats, HJ197 showed the highest exposure in the liver, approximately twice that of plasma, followed by adrenal glands and stomach, where the exposure levels were comparable to plasma. Exposure in other tissues, including the small intestine, lungs, and kidneys, was lower than in plasma. These results demonstrate that HJ197 tends to concentrate in the liver, a key target organ in HCC, which may contribute to its improved efficacy and safety in clinical settings.
- ***Improved efficacy.*** In our Phase I/IIa clinical trial, HJ197 demonstrated significantly improved efficacy compared to fisogatinib. In the 300 mg/day dose cohort, HJ197 achieved an ORR of 30% in the target HCC population. fisogatinib reported an ORR of 17% in a target population.
- ***Favorable safety profile.*** In a 7-day subacute toxicity study, HJ197 showed no apparent toxicity at doses up to 500 mg. In contrast, fisogatinib induced AEs events such as diarrhea and body weight loss at 100 mg. HJ197 demonstrated an onset dose of 5 mg/kg, compared with 15 mg/kg for fisogatinib. These data suggest HJ197 has a broader therapeutic index, supporting its potential for safer and more effective dosing in clinical use.

HJ197 is leading in terms of clinical progress in China, according to CIC. We have received approval from the CDE to initiate the Phase III clinical trial, and plan to start such trial in July 2026.

Focus on broad and rapidly growing fields in autoimmune, metabolic and oncology diseases.

We focus our resources on addressing significant clinical needs by developing a pipeline targeting prevalent diseases in autoimmune, metabolic and oncology sectors.

- **Autoimmune sector.**
 - o **Disease and market:** AD is a common skin condition both in China and globally. It causes dry, itchy, and inflamed skin, often beginning in young children. AD presents as a long-term issue with flare-ups that require more intensive treatment. AD lowers patients' quality of life and can also lead to psychological problems. About 98% of AD cases are classified as mild to moderate, with more than 50% of patients being young children and adolescents who are particularly sensitive. Since AD can be chronic and may require long-term treatment, there is a critical need for safe and effective topical formulations in the market.

BUSINESS

- o Current treatments: Existing treatments for AD include both topical and systemic medications, each with their own set of disadvantages and limitations. Topical treatments, such as corticosteroids and JAK inhibitors, can lead to various side effects, including skin thinning, redness, and irritation, which may deter patients from continuing their use. Systemic treatments, including corticosteroids, traditional immunosuppressants, and biologics, come with their own set of significant risks. Common side effects include increased susceptibility to infections, weight gain, and the potential for long-term health complications such as diabetes or hypertension.
- o HJ787: Compared to other topical medications, TYK2 inhibitors not only achieve better efficacy but also significantly enhance safety. This potentially broadens the patient population that can benefit from effective AD management without compromising safety. Further, by offering near-zero systemic exposure and being free from hormone dependency, TYK2 inhibitors provide a lifelong safe treatment option for patients, improving their quality of life and adherence to therapy.
- **Metabolic sector.**
 - o Disease and market: Diabetes is a condition characterized by elevated blood sugar levels. Type 2 diabetes is a major chronic disease that requires ongoing medical attention and long-term or even lifetime management.
 - o Current treatments: Previous glucose-lowering medications, such as insulin and sulfonylureas, aimed to lower HbA1c and two-hour post-meal blood sugar, but they could not effectively control blood sugar fluctuations. Injectable GLP-1 related therapies is effective in lowering blood sugar levels and reducing the risk of cardiovascular and other diabetes-related complications. However, patients often experience side effects such as nausea, vomiting, and depressive symptoms, which can significantly impact their quality of life and adherence to treatment. Furthermore, the convenience of administration and the high cost of these medications can be barriers for many patients, leading to difficulties in maintaining long-term use.
 - o HJ178: HJ178 has demonstrated a rapid blood sugar-lowering effect and improvement in TIR. It can be used long-term to safely lower blood sugar and promote weight loss without causing vomiting or mental-related side effects. In addition, being an oral treatment, HJ178 addresses the administration challenges associated with injections, making it more accessible and easier for patient to incorporate into their daily routines. These advantages position HJ178 as a potential treatment in diabetes care.
- **Oncology sector.**
 - o Disease and market: NSCLC encompasses any type of epithelial lung cancer other than SCLC, accounting for 85% of lung cancer. KRAS mutations represent the prevalent oncogenic driver in NSCLC, detected in approximately 21.2% of cases globally. Specifically, KRAS^{G12C} mutation is the most frequent, found in approximately 10% to 13% of patients with advanced, non-squamous NSCLC globally.
 - o Current treatments. Treatment strategies for KRAS^{G12C} mutation NSCLC vary depending on factors such as the patient’s overall health, disease stage and specific treatment preferences. For Chinese patients opting for first-line chemotherapy, the ORR ranges from 25.5% to 26.5% and for those choosing immunotherapy, the ORR ranges from 11.1% to 40.9%, according to CIC. These figures highlight the limitations of current treatment methods.

BUSINESS

- o HJ891. HJ891 is a novel compound based on modifications of similar molecules, demonstrating significant changes in PK while demonstrating outstanding efficacy and safety. Given its strong safety profile, we are also developing HJ891 for treating non-squamous NSCLC with KRAS^{G12C} mutation as combination therapy (as a first-line treatment). This positions it one of the few KRAS^{G12C} inhibitors being developed for first-line treatment in combination with immunotherapy. By addressing both efficacy and safety, HJ891 has the potential to improve patient outcomes significantly and address an important medical need.

Integrated R&D capabilities driven by clinical demand

We believe the ability to swiftly adapt R&D efforts to meet clinical demand is crucial for success. Our commitment to integrating innovative solutions into every stage of drug development enables us to respond effectively to the evolving needs of healthcare providers and patients alike.

- Integrated and efficient R&D process. We have established a comprehensive R&D system that covers drug design, *in vivo* and *in vitro* activity evaluation, drug metabolism, synthesis, quality research, formulation development, and scale-up. This complete capability allows us to effectively manage the entire drug development process, from molecular selection to clinical trials, giving us unique advantages and efficiency in drug R&D.
- Clinical-need-driven R&D. There remain substantial clinical needs across autoimmune diseases, metabolic disorders and oncology. In inflammatory skin diseases, non-irritating therapies that can repair the skin barrier are limited. For diabetes and overweight/obesity, there is a need for convenient oral treatments suitable for long-term use without severe gastrointestinal or neuropsychiatric side effects. In oncology, many biomarker-driven tumors, such as those associated with RAS mutations and FGFR4 alterations, still lack approved targeted therapies. Identifying and addressing these clinical needs form the foundation and core driving force of our R&D strategy.
- Leading quality control. Our quality control system is in the industry, characterized by inspection speeds and control measures. This meticulous approach not only ensures the integrity of our R&D efforts but also provides a solid foundation for regulatory approvals and market success.
- Rich experience in clinical advancement. Our team has extensive experience in clinical advancement, managing every aspect from strategic discussions to project initiation and site monitoring. We foster strong communication and collaboration with multiple clinical centers and principal investigators nationwide, ensuring smooth patient enrollment and supporting the efficient clinical progression of our drug candidates. This network enhances our ability to navigate the complexities of clinical trials, ultimately accelerating the path to market.
- IP protection. We prioritize the protection of intellectual property and R&D outcomes, achieving comprehensive patent coverage for our Core Products and other drug candidates in our pipeline. As of the Latest Practicable Date, we held 29 issued patents, including 12 patents in China and 17 patent overseas. As of the same date, we had 29 patent applications including 3 patent applications in China, 20 patent applications overseas and 6 PCT applications. This robust IP strategy not only safeguards our innovations but also strengthens our competitive position in the industry, allowing us to maximize the value of our research investments.

Advanced drug development technology platforms

We have built a development platform for small molecule drugs, covering the entire process from drug design, efficient synthesis, screening and evaluation, pharmacological studies, and comprehensive CMC research to clinical strategy and operations as well as translational medicine. Through an integrated

BUSINESS

approach combining in silico and experimental drug design and screening, targeted and rapid drug-likeness evaluation, and efficient CMC development and clinical research, we have advanced multiple drug candidates with significant differentiation.

Our approach to differentiated small molecule development is guided by core principles such as precise biological mechanisms and tissue-specific distribution. In particular, by adopting a tissue distribution-oriented design strategy, we are able to enhance drug enrichment at disease sites while potentially reducing exposure in non-target tissues, thereby improving efficacy and lowering potential toxicity. Supported by our deep understanding of structure-activity relationships and mechanisms of action, together with our proactive design capabilities, we are well-positioned to achieve differentiation in a competitive landscape and to lay a solid foundation for the development of therapies with greater clinical value and commercial potential.

We have advanced a pipeline of small molecule drug candidates across multiple therapeutic areas, including HJ787, HJ891 and HJ197. These pipeline candidates not only outperform competing drugs in terms of activity, but also demonstrate favorable tissue distribution characteristics.

To further strengthen our differentiation, we have developed the Tissue-Specific Distribution-Intelligent Analytics System (TSD-IAS). TSD-IAS extracts hundreds of structural and physicochemical features from each molecule, integrates them with tissue-distribution datasets, and applies AI models to learn how new molecules will distribute across key organs. These models could predict how new molecules will distribute across key organs, helping us discover tissue-targeted drugs more efficiently. In addition, to advance the development of XDCs, we have established a novel payload platform based on our proprietary molecular glue technology. These platforms strengthen our differentiated drug design capabilities and improve therapeutic targeting, ultimately enabling us to deliver more effective and safer treatments options for patients. By integrating advanced technology with scientific research, we are driving the development of therapies to address significant medical needs.

Established deep collaborations to validate our innovative potential and commercial value

We aim to expand our market presence by forming strategic collaborations with reputable pharmaceutical companies. In November 2020, our Company, along with its subsidiary Shanghai Zheyue, entered into a technology license and collaboration agreement with Junshi Biosciences with respect to the joint development and commercialization of HJ197 in all Asian countries and regions. Additionally, during the same month, we signed another agreement, granting Junshi Biosciences exclusive rights to HJ191 (a small-molecule irreversible covalent KRAS^{G12C} inhibitor with a whole new structure for the treatment of patients with KRAS^{G12C}-mutated NSCLC) in all Asian countries and regions. While HJ191 and HJ891 address similar targets, early data indicate each has distinct strengths. Advancing the research and development of both would demand significant financial and human resources. After a comprehensive assessment, we chose to out-license HJ191 to maximize its value with a partner and to concentrate internal resources on HJ891. This strategy is designed to maximize portfolio value while reducing our overall R&D risk and cash flow pressure. See “—Collaborations” below for details.

Beyond HJ197 and HJ191, we are actively seeking partners for several preclinical products, aiming to complete R&D at lower costs and with higher efficiency to accelerate the path to commercialization for these promising therapies.

Further, we have signed a cooperation agreement with the People’s Government of Jiangjin District, Chongqing (the “**Jiangjin Government**”) in 2023. Under this agreement, we are granted an option to use part of the plant to be built by the Jiangjin Government in an industrial park located in Jiangjin District. See “—Manufacturing and Control—Manufacturing Facility” for details.

These strategic collaborations and agreements not only validate our innovative potential but also enhance our commercial viability in the competitive biotechnology landscape. By leveraging partnerships with established industry players and local governments, we are poised to accelerate our development efforts and bring therapies to market more rapidly.

BUSINESS

Led by a scientist-founder, our team combines practical experience with innovation capabilities, with support from renowned investors

Led by our scientist-founder Dr. Ji Jianxin, our management and R&D team has extensive industry experience and a strong track record in pharmaceutical research and development.

- Dr. Ji has over 20 years of experience in the pharmaceutical industry. Dr. Ji founded our Company in 2017 and has served as a member of the CAS Venture Capital Investment Decision-making Committee for three years since then. He returned to China in 2007 as an outstanding talent of the “Hundred Talents Program” of the Chinese Academy of Sciences and served as a doctoral supervisor at the Chengdu Institute of Biology of the Chinese Academy of Sciences. He has held various positions, including executive vice president and director of the Drug Research Institute at Chengdu Diao Pharmaceutical Group. Dr. Ji holds a Ph.D. from the Hong Kong Polytechnic University and completed a postdoctoral fellowship in molecular pharmacology at Vanderbilt University in the United States. He has published over 40 academic papers in journals such as PNAS and JACS, and is the inventor of nearly 30 domestic and international patents. He was recognized as a leading talent expert in the national “Ten Thousand Talents Program” in 2016.
- Our R&D team consists of members with diverse and complementary backgrounds, covering preclinical research, clinical research, and production operations. Through close collaboration and teamwork, we have formed a dedicated and stable team that provides a solid foundation for ongoing innovation.
 - o Dr. Guo Na, our head of research and development, has expertise in both preclinical and clinical research and possesses extensive project management experience. She is one of the few experts who can integrate biological research, pharmaceutical research, and clinical studies. She is skilled in promoting clinical research through translational medicine and coordinating internal development with external resources. Before joining us in 2018, she served as the head of the chemical innovation drug research department at a large pharmaceutical group.
 - o Dr. Du Fengtian, our deputy director of R&D, has rich experience in drug discovery, CMC research, and preclinical studies. He excels in drug design and deeply understands the relationship between drug structure and function, efficiently organizing various aspects of preclinical research, including pharmacodynamics, PK, and safety evaluation. He has led or participated in multiple Class I new drug development and registration projects.
 - o Mr. Yang Xiangyu, our chief operating officer, has a deep understanding of drug development and excels at coordinating communication and integration across multiple departments, including medicinal chemistry, raw materials, and formulation. He is skilled in drug manufacturing and has led teams to complete multiple project process developments and production transfers. He holds a master’s degree in medicinal chemistry from the University of Chinese Academy of Sciences.
 - o Experienced external advisors: medicinal chemist Dr. He Yun, biologist Dr. Liu Xifu, and regulatory review expert Dr. Du Xin, all with long-standing experience and outstanding contributions in the pharmaceutical industry and international regulatory review, have served as our advisors and have provided valuable guidance across multiple stages of drug development.
- Our financial director, Ms. Zhang, holds a master’s degree in economics. She brings experience from Deloitte Touche Tohmatsu Certified Public Accountants LLP, where she served as senior auditor and conducted financial audits for several listed companies and oversaw initial public offering processes. Her expertise spans the pharmaceutical, manufacturing, real estate and service industries.

BUSINESS

We have gained recognition and support from renowned investors in the biotechnology industry, such as SDIC Shanghai and Junlian Xinkang. Our collaboration with Junshi Biosciences has been highly productive, with equity investment from them that has further strengthened our strategic partnership.

OUR STRATEGIES

Accelerate clinical development for rapid product commercialization

We plan to rapidly advancing the clinical development of our drug candidates to expedite their commercialization. Our strategy focuses on efficiently designing and implementing clinical trials for our existing pipeline, aiming to minimize the time required to bring products to market. By leveraging a large patient population and addressing significant medical needs, we will prioritize clinical development in China to quickly commercialize our candidate drugs. With the clinical evidence gathered in China, we will strategically proceed future product development and clinical trials in the United States.

HJ787

- **AD:** We are currently conducting a Phase II clinical trial in patients with mild-to-moderate AD and expect to complete this trial in September 2026. We plan to initiate a Phase III clinical trial in patients with mild-to-moderate AD in China in the second half of 2026, and submit an NDA to the NMPA in the first half of 2028. We also plan to submit an IND application for the AD indication to the FDA in March 2027.
- **AV:** We plan to initiate a Phase IIb clinical trial to evaluate the efficacy and safety of HJ787 in patients with AV in the second half of 2026. We also plan to submit an IND application for the AV indication to the FDA in the second half of 2026.

HJ178

- **Type 2 diabetes:** We initiated a Phase II clinical trial in July 2025 and expect to complete this trial in the first half of 2027. We plan to initiate the Phase III trial in the first half of 2027, and submit an NDA to the NMPA for the treatment of type 2 diabetes in the second half of 2028. We intend to submit an IND application to the FDA in December 2026 for the treatment of type 2 diabetes.
- **Overweight or obesity:** We also intend to submit an IND application to the NMPA and the FDA in October 2026.

HJ891

- **Monotherapy:** We plan to complete the single-arm pivotal Phase IIb clinical trial in May 2026 and submit an NDA in the second half of 2026.
- **Combination with PD-1:** We aim to complete the Phase Ib clinical trial in combination with toripalimab in June 2026 and thereafter initiate a Phase III trial in the second half of 2026.

HJ197

- **HCC:** We received an approval from the NMPA for commencing a Phase III clinical trial to evaluate the safety and tolerability of HJ197 in patients with advanced HCC and plan to initiate this trial in July 2026.
- **Solid tumors:** In addition, we also plan to submit an IND application for solid tumors to the NMPA in the first half of 2027.

BUSINESS

Other drug candidates

- We plan to submit an IND application to the NMPA and the FDA for HJ356 in the second half of 2026. We plan to submit IND applications to the NMPA for HJ093 and HJ199 in the second half of 2026, for HJ198 in the first half of 2027 and for HJ086 in the second half of 2027.

Continuously strengthen R&D capabilities and accelerate preclinical product development

We remain committed to advancing our drug development efforts in the critical fields of autoimmune, metabolic and oncology diseases. To effectively prioritize these areas, we will assess market demand, potential therapeutic impact, and our existing expertise. This strategic approach will enable us to allocate resources efficiently and align our goals with our preferences and market dynamics.

To support our R&D initiatives, we are focused on recruiting and retaining top talent to form a multidisciplinary R&D team. This team will encompass various disciplines, including medicinal chemistry, pharmacology, biostatistics and clinical research. We are committed to enhancing professional skills training and providing practical opportunities, ensuring continuous improvement in the overall quality and effectiveness of our R&D efforts.

Moreover, we will maintain collaborations with external technical consultants. Our collaboration involves regular consultations, joint workshops, and integration of their expert opinions into our preclinical R&D processes, fostering an environment of knowledge sharing and innovation. We also aim to strengthen partnerships with principal investigators (PIs) and key opinion leaders (KOLs) within both clinical and basic research. By gaining firsthand clinical insights through these collaborations, we can better inform our research initiatives and effectively address clinical needs in overlooked disease areas.

Establish manufacturing and commercialization capabilities to prepare for product launches

Through our cooperation agreement with the Jiangjin Government, we are granted an option to use part of the plant to be built by the Jiangjin Government in an industrial park located in Jiangjin District. We believe this arrangement offers us the flexibility to establish our own production facility, tailored to the development and commercialization timelines of our drug candidates. See “Manufacturing and Control—Manufacturing Facility” for details.

We are also actively seeking optimal opportunities in economically vibrant regions, such as the Yangtze River Delta, Greater Bay Area, and Chengdu-Chongqing area. These regions present significant potential for diversifying our operations and continually meeting the demands for future product launches and commercialization.

Based on the progress and timeline of our product launches, we are gradually building our commercialization team, and will expand this team as our drug candidates near commercialization, ensuring effective outreach and support for our product launches.

Explore external collaboration opportunities to maximize the commercial value of our drug candidates

We are committed to enhancing the commercial potential of our drug candidates through strategic external collaborations. While our primary focus remains on the research and development of our Core Products towards successful commercialization by ourselves, we also plan to establish partnerships with leading industry players. By doing so, we seek to identify and pursue opportunities for other drug candidates that align with our vision. In addition, we seek to collaborate with top-tier universities and research institutions domestically. Such partnerships will enable us to leverage advanced research and development capabilities, fostering the creation of innovative technologies and novel drug candidates.

BUSINESS

We recognize the importance of staying attuned to the latest clinical needs and market trends. Our team will continuously monitor global developments to identify opportunities for introducing new drug candidates that can complement and enhance our existing pipeline. This initiative is closely related to our collaboration efforts with industry leaders, as we aim to create synergies that drive mutual growth. To effectively expand our global footprint, we will implement a globalization strategy that focuses on identifying and seizing international market opportunities. We will prioritize the timely preparation and submission of NDAs for our drug candidates in the United States. This approach will not only streamline our entry into the U.S. market but also enhance our credibility and reputation within the global pharmaceutical landscape. Finally, we are focused on maintaining our leadership in drug development technology. To achieve this, we will pursue acquisitions or investments in innovative technologies that align with our strategic goals.

OUR DRUG CANDIDATES

Our Core Products

HJ787

HJ787 is a tyrosine kinase 2 (TYK2) inhibitor. It acts on the JAK-STAT signaling pathway by specifically binding to the regulatory structural domain JH2 of the TYK2 protein, inhibiting the activity of TYK2 and thereby suppressing the downstream signaling of multiple pro-inflammatory cytokines such as IL-12, IL-23, IL-17, IL-22, IFN- γ , and TNF- α . These inflammatory cytokines are involved in inflammatory and immune responses and have been implicated as important contributors to chronic inflammation, a hallmark of many autoimmune and inflammatory skin diseases, such as AD and AV.

Compared to non-selective pan-JAK inhibitors, HJ787, which selectively targets TYK2, offers a safer profile with less systemic exposure and a low risk of hematologic or immunosuppressive complications. To date, clinical trials of HJ787 have not reported adverse reactions commonly associated with PDE4 inhibitors and pan-JAK inhibitors, such as headache, nasopharyngitis, upper respiratory tract infection, burning or tingling on the application site. This selectivity makes HJ787 a promising strategy for the long-term treatment of inflammatory skin disorders, and positions HJ787 as a potential topical treatment capable of proving strong anti-inflammatory effects while minimizing systemic toxicity.

HJ787 demonstrated a favorable tissue distribution profile, particularly in skin, and robust suppression of proinflammatory mediators in our preclinical studies, supporting its dual formulation strategy for both oral and topical administration. We received IND approvals for HJ787 as both oral and topical treatments for AD, ND and psoriasis (Ps), and as topical treatment for AV. We plan to prioritize the development of topical treatments for mild-to-moderate AD and AV because (a) AD and AV are highly prevalent with clear needs for safer, more effective treatments. A topical ointment delivers drug directly to skin lesions with higher local exposure and lower systemic exposure, matching the clinical profile needed for these conditions; (b) our current R&D resources (personnel, clinical operations capacity, and funding) limit the number of large, concurrent clinical programs we can run without risking quality or timelines, so focusing on the indications with the strongest product fit and highest need improves the chance of timely, successful development. In parallel, we will advance the oral tablet indications (ND, AD and Ps) on a staged timeline aligned with available resources and data readouts.

BUSINESS

The table below summarizes IND approvals received for HJ787, the corresponding indications and clinical trials conducted and the basis for progressing to the next phase of clinical trials:

Indication	Month IND Approval Received	Clinical Trials	Basis for Progressing to the Next Phase of Clinical Trials
Topical treatment for ND	September 2023	<ul style="list-style-type: none"> Initiated a Phase I clinical trial (registration number: CTR20233611) in November 2023 and completed the trial in July 2024 Initiated a Phase II clinical trial (registration number: CTR20242526) in August 2024 	<p>The IND approval explicitly authorizes both Phase I and Phase II clinical trials for HJ787 ointment. It stipulates that, prior to initiating a Phase III trial, communication with the CDE regarding clinical protocol is required. Apart from this, no additional communications are necessary to conduct clinical trials for the approved indication. Prior to initiating the Phase II clinical trial, the Company submitted the Phase II trial design (including key Phase I results), the ethics committee’s approval of the Phase II protocol and informed consent form to the CDE in July 2024, and these materials have been published on the CDE Clinical Trial Platform since July 2024.</p>
Topical treatment for mild-to-moderate AD ⁽²⁾	April 2024	Initiated a Phase II clinical trial (registration number: CTR20242529) in September 2024 and expect to complete the trial in September 2026	<p>According to CIC, if a Phase I trial has already been completed for a drug and demonstrates an acceptable safety profile and tolerability in humans, its findings can generally be applied to additional indications for the same product. Phase I studies primarily assess safety, dosage, and PK rather than efficacy in a specific disease, so repeating a full Phase I for every new indication is usually unnecessary. Regulatory agencies typically allow sponsors to proceed directly to later-phase trials (e.g., Phase II) for additional indications when the initial Phase I data adequately characterize human safety and systemic exposure for the intended route and formulation. As the Company has completed a Phase I trial for the ND indication, it is not required to conduct another Phase I trial for the AD and AV indications.</p> <p>Further, prior to initiating a Phase II clinical for HJ787 ointment for AD in September 2024, the Company submitted the Phase II trial design (including key Phase I results for ND), the ethics committee’s approval of the Phase II protocol and informed consent form to the CDE in July 2024, and these materials have been published on the CDE Clinical Trial Platform since July 2024.</p>
Topical treatment for Ps	April 2024	To be determined	IND and trial protocol approvals have been obtained. Trial start date to be determined.

BUSINESS

Indication	Month IND Approval Received	Clinical Trials	Basis for Progressing to the Next Phase of Clinical Trials
Topical treatment for mild-to-moderate AV ⁽³⁾	December 2024	Initiated a Phase IIa clinical trial (registration number: CTR20250633) in February 2025 and completed the trial in May 2026 ⁽¹⁾	See above. Further, prior to initiating a Phase IIa clinical for HJ787 ointment for AV in February 2025, the Company submitted the Phase IIa trial design (including key Phase I results), the ethics committee’s approval of the Phase IIa protocol and informed consent form to the CDE in February 2025 and these materials have been published on the CDE Clinical Trial Platform since February 2025.
Oral treatment for AD .	June 2024	To be determined	IND and trial protocol approvals have been obtained. Trial start date to be determined
Oral treatment for ND .	June 2024	To be determined	IND and trial protocol approvals have been obtained. Trial start date to be determined
Oral treatment for Ps .	June 2024	To be determined	IND and trial protocol approvals have been obtained. Trial start date to be determined

- Notes:* 1. This is a separate and standalone clinical trial from the planned Phase IIb trial with differentiated endpoints, objectives and patients cohorts. The Phase IIa trial is an open-label, single-arm study investigating the safety and efficacy profile of HJ787 ointment for the treatment of AV. The Phase IIb trial of HJ787 ointment will be a multi-dose, placebo-controlled trial evaluating the safety and efficacy of different doses of HJ787 and comparing them with placebo. The Phase IIa served as a preliminary exploratory study conducted prior to a conventional Phase II trial, while the planned Phase IIb study will be a conventional Phase II trial. The results from the Phase IIb trial will support advancing HJ787 ointment for AV into a Phase III trial. No additional Phase II trials will be conducted.
2. AD is classified as mild (SCORAD 0-24), moderate (SCORAD 25-50), or severe (SCORAD >50) according to the Chinese Guidelines for Diagnosis and Treatment of Atopic Dermatitis (2020 Edition).
3. AV is classified as mild (comedones only), moderate (papules and pustules), or severe (cysts and nodules) according to the Chinese Acne Treatment Guidelines (2019 Revised Edition) and the Primary Care Guidelines for Acne Vulgaris (2023).

Mechanism of Action

The JAK family comprises four isoforms JAK1, JAK2, JAK3 and TYK2, and mediates cytokine-driven signal transduction through the JAK-STAT pathway, which plays a critical role in immune regulation, as well as cell proliferation, differentiation and apoptosis. JAK proteins contain JH1 (a highly conserved catalytic kinase domain) and JH2 (a pseudokinase regulatory domain), both of which are essential for their biological function.

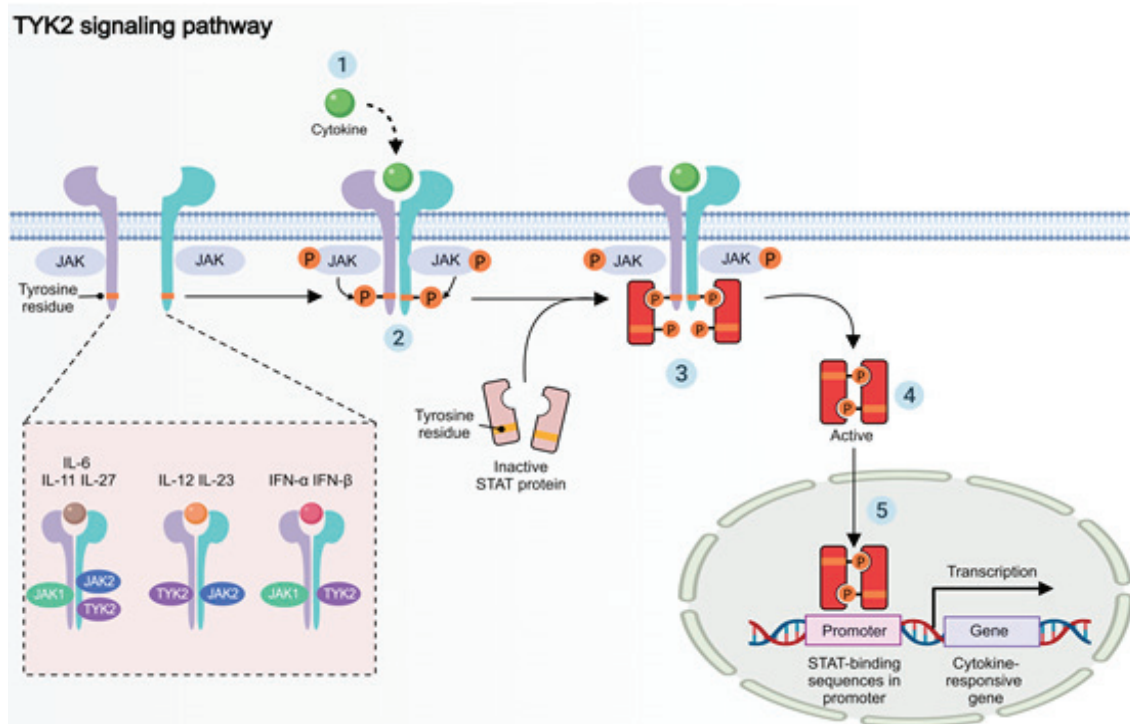
Because the JH1 domain is highly conserved across all JAK isoforms, JAK inhibitors that target the JH1 domain generally lack isoform selectivity. As JAK1, JAK2 and JAK3 are broadly involved in essential physiological functions, including hematopoiesis, non-selective JAK inhibition is often associated with AEs such as cardiovascular events and increased infection risk, which has resulted in boxed warnings for this class of therapies.

In contrast, TYK2 primarily regulates immune-related signaling pathways. Selective binding of a small-molecule inhibitor to the TYK2 JH2 regulatory domain induces a conformational change that prevents ATP binding at the JH1 catalytic domain, thereby maintaining TYK2 in an inactive state and blocking downstream inflammatory signal transmission. This regulatory mechanism enables selective inhibition of TYK2 without affecting JAK1, JAK2 or JAK3. HJ787 is a selective TYK2 inhibitor that targets the JH2 domain of TYK2 and does not inhibit other JAK family members. As a result, HJ787 is designed to preserve therapeutic efficacy in immune-mediated diseases while avoiding the cardiovascular and infection-related risks associated with non-selective JAK inhibition.

BUSINESS

IL-12 is essential for the growth and differentiation of Th1 cells, which produce pro-inflammatory cytokines such as TNF- α and IFN- γ . IL-23 regulates the growth and survival of Th17 cells, which secrete IL-17. Th1 and Th17 cells are implicated in the pathogenesis of multiple autoimmune and inflammatory skin diseases, including AD, ND and AV. By selectively inhibiting TYK2, HJ787 suppresses Th1 and Th17 cell differentiation and downstream inflammatory cytokine production, thereby providing a targeted therapeutic approach for the treatment of inflammatory skin diseases, including ND, AD, AV and Ps.

The following diagram illustrates the mechanism of action of HJ787:



AD

AD is a widespread skin condition in China and globally. It causes dry, itchy, and inflamed skin and often starts in young children. AD is a chronic, relapsing condition characterized by flare-ups that require more intensive treatment. These symptoms can lower patients' quality of life and lead to psychological problems.

Market Opportunity and Competition

According to CIC, the AD drug market in China increased from RMB5.1 billion in 2020 to RMB12.1 billion in 2024, at a CAGR of 24.1%, and is estimated to grow rapidly to reach RMB22.1 billion in 2028, at a CAGR of 16.3% from 2024 to 2028. According to CIC, AD is highly prevalent, affecting approximately 15-20% of children and 6-10% of adults worldwide.

Current treatments for AD include both topical medications, such as topical corticosteroids and topical calcineurin inhibitors, and systemic medications, such as oral antihistamines, systemic immunosuppressants, and systemic corticosteroids, each with their own set of disadvantages and limitations.

- **Topical Medications.** Topical treatments, such as corticosteroids and JAK inhibitors, are commonly used to manage AD. However, they can lead to various side effects, including skin thinning, redness, and irritation, which may deter patients from continuing their use. Additionally, these medications can be insufficient for more severe cases, necessitating more aggressive systemic treatments.

BUSINESS

- **Systemic Medications:** Systemic treatments, including corticosteroids, traditional immunosuppressants, and biologics, come with their own set of significant risks. Common side effects include increased susceptibility to infections, weight gain, and the potential for long-term health complications such as diabetes or hypertension. Patients on these medications often require regular monitoring to manage these risks, which can be burdensome and lead to frequent medical visits. Moreover, some systemic treatments may take time to exhibit effects, prolonging periods of discomfort and impacting the patient’s quality of life.

Overall, while a variety of treatment options exist for AD, both conventional topical and systemic medications have limitations that can affect patient adherence and treatment efficacy. Ongoing research aims to develop safer and more effective therapies to better address these challenges.

In China, about 73% of AD cases are mild (SCORAD 0-24), roughly 25% are moderate (SCORAD 25-50) and around 2% are severe (SCORAD > 50). Over half of the patients were infants, children, adolescents, or elderly, indicating a wide age distribution and significant disease burden. Given that AD is a condition may require long-term treatment, there is a critical need for topical formulations that offer excellent safety and efficacy. Such formulations are essential in the AD drug market, as they can provide effective relief while minimizing the risk of adverse effects, thereby encouraging patient adherence to treatment. For current treatments of mild-to-moderate AD, clinical studies have shown that ISGA success—defined as achieving an ISGA score of clear (0) or almost clear (1) with at least a two-grade improvement from baseline—was achieved in 32.8% versus 25.4% of patients and 31.4% versus 18.0% of patients in the crisaborole group compared with the placebo group, respectively, across different studies.

Compared to other topical medications, TYK2 inhibitors not only achieve better efficacy but also significantly enhance safety as demonstrated in clinical trials. This potentially broadens the patient population that can benefit from effective AD management without compromising safety. Further, by offering near-zero systemic exposure and being free from hormone dependency, TYK2 inhibitors can provide a lifelong safe treatment option for patients, improving their quality of life and adherence to therapy. As a selective TYK2 inhibitor, HJ787 is designed to modulate key inflammatory pathways implicated in AD while avoiding broader JAK pathway inhibition, thereby offering a potentially improved safety profile. In a Phase II study in adults with mild-to-moderate AD, topical HJ787 ointment (3%, BID) achieved an EASI-75 response rate of 62.5% and an IGA treatment success rate of 50.0% at week 8, demonstrating rapid and clinically meaningful efficacy comparable to systemic agents, while reflecting its localised MoA. All treatment-related AEs were Grade 1, with no serious TRAEs reported, supporting a favourable tolerability profile. While larger-scale clinical trials are required to further validate efficacy and safety, HJ787’s selective TYK2 inhibition, topical administration and balanced efficacy-safety profile position it as a differentiated therapeutic option within the evolving AD treatment landscape. HJ787 ointment is primarily suitable for the treatment of mild-to-moderate AD. In patients with severe AD, the presence of extensive skin lesions may reduce the practicality and convenience of topical administration, which may limit its applicability in this patient population.

As of the Latest Practicable Date, no topical TYK2 inhibitor had been approved for marketing. See “Industry Overview—The TYK2 Drug Market” in this document for details.

Our Advantages

- **Topical TYK2 inhibitor.** HJ787 ointment is a topical TYK2 inhibitor and was the only topical selective TYK2 inhibitor in clinical development in China as of the Latest Practicable Date, according to CIC. In biochemical tests, HJ787 showed very low inhibitory activity against the JH1 kinase domains of the JAK family, with IC₅₀ values exceeding 10,000 nM for JAK1 and JAK2, and 3,758 nM for JAK3. These results indicate that HJ787 has minimal impact on the catalytic domains of JAK1, JAK2 and JAK3, highlighting its high selectivity and reducing the risk of off-target effects often seen with broader JAK inhibition.

BUSINESS

- Favorable tissue distribution profile with topical administration. Comparative transdermal penetration studies in nude mice further demonstrated that the intradermal retention of HJ787 ointment was 2.3 times higher than that of BMS-986165 (deucravacitinib, the first FDA-approved oral TYK2 inhibitor), highlighting the compound’s superior skin permeability and retention characteristics. In a study involving a single dose of HJ787 ointment (at 8.1 mg/kg) applied to Bama miniature pigs, drug concentrations were consistent in both male and female skin tissues, with the highest levels found in the skin itself. HJ787 concentrations in all sampled skin tissues were significantly higher than those in whole blood. Additionally, HJ787 levels in the skin, subcutaneous tissue, and muscle remained stable for up to 72 hours after application, indicating lasting absorption through the skin.
- Meaningful efficacy. HJ787 ointment has demonstrated promising therapeutic efficacy in patients with AD, particularly in high-dose groups, where clinical outcomes were comparable to or better than those reported for commonly used PDE4 inhibitors and pan-JAK inhibitors. Preliminary results from our Phase II clinical trial indicated robust efficacy based on multiple standardized endpoints at week 8 and were not derived from head-to-head or non-inferiority comparisons:

Drug	Patients achieving EASI-75 score, %	Patients achieving IGA-TS, %*	Patients achieving NRS4, % ^{&}
Roflumilast Cream (PDE4) . . .	Integument-1: 43.2% Integument-2: 42.0%	Integument-1: 32.0% Integument-2: 28.9%	/
Crisaborole Ointment (PDE4) .	/	AD-301: 32.8% AD-302: 31.4%	/
Ruxolitinib Cream (JAK1/2)	INCB 18424-303: > 0.75% Ruxolitinib Cream: 56.0% > 1.5% Ruxolitinib Cream: 62.1% INCB 18424-304: > 0.75% Ruxolitinib Cream: 51.5% > 1.5% Ruxolitinib Cream: 61.8%	INCB 18424-303: > 0.75% Ruxolitinib Cream: 50.0% > 1.5% Ruxolitinib Cream: 53.8% INCB 18424-304: > 0.75% Ruxolitinib Cream: 39.0% > 1.5% Ruxolitinib Cream: 51.3%	INCB 18424-303: > 0.75% Ruxolitinib Cream: 40.4% > 1.5% Ruxolitinib Cream: 52.2% INCB 18424-304: > 0.75% Ruxolitinib Cream: 42.7% > 1.5% Ruxolitinib Cream: 50.7%
HJ787 Ointment [#]	3% (BID) HJ787 Ointment: 62.5%	3% (BID) HJ787 Ointment: 50.0%	3% (BID) HJ787 Ointment: 62.5%

Notes:

* Achieving IGA treatment success (IGA-TS), defined as a score of 0 or 1 with ≥ 2 -grade improvement from baseline.

[&] Achieving NRS4, defined as a ≥ 4 -point reduction in itch numerical rating scale score from baseline.

[#] In the HJ787 trial, 3% (BID) cohort containing 25% of the subjects receiving placebo is still masked.

BUSINESS

- Eczema Area and Severity Index (EASI) score: in the three dosage groups, A1 (0.5%, QD), A2 (3%, QD) and A3 (3%, BID), the proportions of subjects achieving EASI-75 were 25.0%, 30.0% and 62.5%, respectively;
 - Investigator’s Global Assessment (IGA) score: in the three dosage groups, A1 (0.5%, QD) , A2 (3%, QD) and A3 (3%, BID), the proportion of subjects achieving a reduction of 2 points or more in the IGA score, reaching scores of 0 or 1, were 8.3%, 30.0% and 50.0%, respectively; and
 - Numerical Rating Scale (NRS) score: in the three dosage groups, A1 (0.5%, QD) , A2 (3%, QD) and A3 (3%, BID), the proportions of subjects achieving a reduction of 4 points or more in NRS (itching) score were 25.0%, 40.0% and 62.5%, respectively.
- Good safety profile. HJ787 demonstrated a good safety profile in our preclinical and clinical trials. In our Phase I trial, the PK study showed that HJ787 was minimally absorbed into the bloodstream after single or multiple topical administrations, suggesting its safety as a topical treatment. In our Phase II trial, all TRAEs observed were mild and there were no SAEs nor AEs that caused subject withdrawal. Common side effects with pan-JAK inhibitors and PDE4 inhibitors such as headache, nasopharyngitis, upper respiratory tract infection, burning or tingling on the application site, were not observed in this trial. These results were not derived from head-to-head or non-inferiority comparisons.

Drug	Data source	Patients	Common AEs	Safety summary
Ruxolitinib	2 Phase III trials (TRuE-AD1 and TRuE-AD2)*	age ≥12 years, diagnosis of AD for ≥2 years	Safety during the 8-week: 0.75% and 1.5% ruxolitinib cream: Most common AEs (Occurring in ≥1% of patients): Upper respiratory tract infection (1.4%, 2.4%), Nasopharyngitis (3.0%, 2.6%), Headache (0.8%, 2.2%); The most common treatment-related AE was application site burning sensation (0.6%, 0.8%). Long-Term Safety of the 52-week period: 0.75% and 1.5% ruxolitinib cream: Most common AEs (Occurring in ≥5% of patients): Upper respiratory tract infection (16.3%, 15.8%), Nasopharyngitis (7.6%, 7.9%), Influenza (5.4%, 6.1%), Pharyngitis (5.4%, 4.4%)	Boxed Warning: severe Infection, death, Malignant lesions, major cardiovascular AEs (MACE) and Thrombus
	Phase III (TRuE-AD3)*	children aged 2 to 11 years with an AD diagnosis for ≥3 months	0.75% and 1.5% ruxolitinib cream: Most common AEs (Occurring in ≥5% of patients): Upper respiratory tract infection (5.2%, 8.5%) and Nasopharyngitis (1.5%, 6.2%)	
	2 Phase III trials (AD-301, AD-302)*	aged 2 years or older and have a clinical diagnosis of AD	The treatment-related AEs was application site pain (4.4%), defined by updated MedDRA guidelines as stinging and/or burning.	
Crisaborole Ointment, 2%.	Phase III (CrisADeCONTROL)*	aged ≥3 months with mild-to-moderate AD	The TEAEs that occurred in ≥2% of the crisaborole-treated patients during the 52-week double-blind maintenance period was upper respiratory tract infection (3%), influenza (2.2%), skin abrasion (2.2%), coronavirus disease 2019 (COVID-19) (3.7%), and headache (2.2%). None were considered treatment related.	The medication may be discontinued due to pain at the application site. It is suitable for infants but its efficacy may be insufficient.
	Phase III (CrisADeCLEAR, CHINA)*	aged ≥2 with mild-to-moderate AD	Frequent TEAEs (occurring in ≥2% of patients) were AD (2.4%) and application site infection (2.4%) Most common AEs (Occurring in ≥5% of patients): Application site discoloration (5.1%), Application site pain (17.8%), Infections (18.5%), Upper respiratory tract infection (5.7%)	

BUSINESS

Drug	Data source	Patients	Common AEs	Safety summary
Tapinarof cream 1%	2 pivotal Phase III (ADORING1 and ADORING2)*	aged ≥2 with mild-to-moderate AD	Most common AEs (Occurring in ≥5% of patients): Folliculitis (8.1%, 8.1%), Headache (7.0%, 1.5%) and Nasopharyngitis (4.8%, 1.5%); AEs of special interest: Contact dermatitis (1.5%, 1.1%), Follicular event (10%, 8.9%) and Headache (7.0%, 1.5%)	There were problems with folliculitis in the initial stage of use
	48-week Phase III open-label extension trial (ADORING3)*	aged ≥2 with mild-to-moderate AD	Most common AEs: Folliculitis (12.1%), Nasopharyngitis (6.9%) and Upper respiratory tract infection (6.9%) AEs of special interest: Follicular event (14.0%), Contact dermatitis (0.4%) and Headache (3.7%)	
		Adults with mild-to-moderate AD	0.03% and 0.1% Tacrolimus Ointment: Most common AEs (Occurring in ≥5% of patients): Skin burning sensation (46%, 58%), pruritus (46%, 46%), Influenza-like symptoms (23%, 31%), Allergy (12%, 6%), Skin erythema (25%, 28%), Headache (20%, 19%), Skin infection (12%, 5%), bronchial asthma (6%, 4%), Urticaria (3%, 6%), acne (4%, 7%)	
	12-week phase III trial	Children with mild-to-moderate AD	0.03% Tacrolimus: Most common AEs (Occurring in ≥5% of patients): Skin burning sensation (43%), pruritus (41%), Influenza-like symptoms (28%), Skin erythema (12%), Headache (5%), Skin infection (10%), fever (21%), Infection (7%), cough (18%), bronchial asthma (6%), tympanitis (6%), sinusitis (8%)	Caused local symptoms, as skin burning sensation (heat sensation, stinging, pain) or pruritus
Tacrolimus Ointment.		Adults with mild-to-moderate AD	Most common AEs (Occurring in ≥5% of patients): Skin burning sensation (28%), pruritus (25%), Influenza-like symptoms (22%), Allergy (9%), Skin erythema (12%), Headache (13%), Skin infection (9%), Infection (6%)	
	3-year open label trial	Children with mild-to-moderate AD	Most common AEs (Occurring in ≥5% of patients): Skin burning sensation (20%), pruritus (19%), Influenza-like symptoms (34%), Allergy (13%), Skin erythema (7%), Headache (9%), Skin infection (16%), fever (14%), bronchial asthma (13%), pharyngitis (12%), tympanitis (11%), sinusitis (7%)	
HJ787	Phase II	Adults aged 18 to 65 with mild-to-moderate AD	hyperlipidemia (2.3%), Blood triglycerides increased (2.3%), Blood cholesterol increased (2.3%), Folliculitis (2.3%), Application site pruritus (6.8%)	All treatment-related AEs were grade 1

Source: Literature review

Note:

* Represent clinical trial code.

HJ787 offers a differentiated safety and efficacy profile among topical therapies, achieving superior clinical outcomes with minimal systemic exposure. Its selective TYK2 inhibition minimizes the safety concerns and avoids black box warnings commonly associated with traditional pan-JAK inhibitors, enabling safe use in adults aged 18 to 65. With no steroid dependence and near-zero systemic absorption, HJ787 provides a well-tolerated, long-term treatment option for chronic inflammatory skin conditions, making it a promising candidate for lifelong use without age or safety limitations.

BUSINESS

Summary of Clinical Trials

Ongoing Phase II Clinical Trial

We initiated a Phase II clinical trial evaluating the efficacy and safety of HJ787 in patients with mild-to-moderate AD in adults in September 2024, and the trial is expected to be completed in September 2026.

Trial design. This trial is a multi-center, randomized, double-blind, placebo-controlled clinical study with multiple dosing to evaluate the efficacy and safety of HJ787 ointment in patients with mild-to-moderate AD. Subjects were randomized using stratified randomization based on baseline Investigator Global Assessment (IGA) score (2 or 3).

The primary endpoint is the proportion of patients achieving a 75% reduction from baseline in the Eczema Area and Severity Index (EASI-75) and an IGA score of 0 or 1 with at least a 2-point improvement from baseline at week 8. The secondary endpoints include other efficacy measures (EASI-50, EASI-90, changes in EASI score and Body Surface Area (BSA)), patient-reported outcomes (pruritus Numerical Rating Scale, Dermatology Life Quality Index and Patient-Oriented Eczema Measure), PK, biomarker assessments (IL-12, IL-17, TNF- α and IFN- γ), and the incidence and severity of AE and SAE. We plan to enroll a total of 108 eligible subjects (male or female between 18 and 65 years of age), who will be randomly assigned to one of three groups: Group A1 (0.5% of HJ787 ointment (or corresponding placebo), applied once daily) (0.5% HJ787 ointment/corresponding placebo, QD), Group A2 (3% HJ787 ointment/corresponding placebo, QD), or Group A3 (3% HJ787 ointment/corresponding placebo, BID), with 36 subjects in each group. Within each group, subjects were randomized in a 3:1 ratio to receive either HJ787 ointment or placebo for a treatment duration of 12 weeks.

This trial enrolled adult patients with mild-to-moderate AD. We are evaluating efficacy and safety in adults first, with pediatric and adolescent patients planned for inclusion in the Phase III trial.

A total of 108 subjects is planned to be enrolled, including 81 in the treatment group and 27 in the placebo group. The treatment group was divided into three dose levels with 27 patients per dose. For an exploratory study, this sample size was considered adequate to assess both efficacy and safety. The treatment duration was 12 weeks, which is appropriate as AD patients typically show significant changes compared with baseline after two to three months of effective topical treatment.

Trial status. The study is currently ongoing. As of the Latest Practicable Date, we had enrolled 103 subjects for the treatment of mild to moderate AD. For details of the preliminary efficacy results of our ongoing Phase II clinical trial, see “—Our advantages—Meaningful efficacy” in this document for details.

Phase I Clinical Trial

We initiated a Phase I clinical trial in November 2023 to assess the safety and tolerability of single and multiple topical applications of HJ787 ointment in healthy subjects pursuant to the IND approval obtained for ND in September 2023.

Trial design. This clinical trial was a randomized, double-blind, placebo-controlled, single-center study designed to evaluate the safety, tolerability, and PK of single and multiple topical applications of HJ787 ointment in healthy subjects. The study consisted of two parts: a single ascending dose (SAD) phase and a multiple ascending dose (MAD) phase. The SAD phase included four dose cohorts ranging from 0.5% to 3% HJ787 ointment or placebo, with each cohort enrolling ten participants (eight receiving HJ787, two receiving placebo), equally split between males and females. The MAD phase included three ascending dose cohorts of 3% HJ787 ointment or placebo, following the same subject allocation. The primary objective was to assess the safety and tolerability of single and multiple topical applications of HJ787 ointment in healthy volunteers, while the secondary objective was to characterize the PK profile of HJ787 ointment following administration.

BUSINESS

Trial status. The trial was completed in July 2024. A total of 72 healthy subjects were enrolled with 70 participants completed dosing, including 56 in the HJ787 treatment group and 14 in the placebo group.

Safety profile. In both the SAD and MAD phases of the study, HJ787 demonstrated a favorable safety and tolerability profile. In the SAD phase, no serious TEAEs or TRAEs, no Grade 3 or higher TEAEs or TRAEs (as per CTCAE), and no AEs leading to dose interruption, permanent discontinuation, death, or study withdrawal were reported. All reported AEs were mild. Similarly, in the MAD phase, there were no reports of serious TEAEs or TRAEs, nor any events resulting in permanent discontinuation of HJ787, death, or study withdrawal.

Conclusion. Across all four SAD cohorts and three MAD cohorts, no serious TEAEs or TRAEs were reported, nor were there any AEs leading to dose interruption, permanent discontinuation, death, or withdrawal from the study. No Grade 3 or higher TEAEs or TRAEs occurred in the SAD cohorts, and only one Grade 3 or higher TRAE (incidence: 4.2%) was observed in the HJ787 group during the MAD phase, which was lower than that in the placebo group (14.3%). Overall, HJ787 demonstrated a favorable safety profile in both single and multiple dosing regimens.

AV

AV is a chronic inflammatory disorder that affects the hair and oil glands, often lasting a long time. It commonly starts during adolescence, triggered by *Cutibacterium acnes*, a type of bacteria, and influenced by levels of dehydroepiandrosterone in the body. While acne is not life-threatening, it can cause scarring, irritation, and significant psychological effects. The introduction of new medications aimed at more effectively managing inflammation, excessive oil production, and microbial imbalance is anticipated to transform the current treatment paradigm. In China, approximately 68%, 26% and 6% of patients were classified as having mild, moderate and severe AV, respectively.

Market Opportunity and Competition

According to CIC, the prevalence of AV in China increased from 118.3 million in 2020 to 121.2 million in 2024 and is anticipated to reach 125.2 million in 2028. The AV drug market in China increased from RMB3.8 billion in 2020 to RMB5.0 billion in 2024, at a CAGR of 7.1% and is estimated to grow to reach RMB6.0 billion in 2028, at a CAGR of 4.7% from 2024 to 2028. The market remains anchored in traditional, non-specific therapies such as antibiotics and retinoids, options constrained by limited efficacy, mounting antibiotic resistance and poor safety profile, which keeps the market relatively stable yet underserved. Looking ahead, momentum is expected to shift as novel mechanisms (notably TYK2 inhibitors), improved topical formulations with advanced delivery systems, and rising disease awareness and diagnosis rates begin to reshape treatment patterns.

AV primarily affects adolescents, and the condition is often associated with compromised skin barriers. Traditional treatments frequently have side effects such as skin irritation, dryness, peeling, stinging, burning sensations, lesions, and itching. These adverse effects can lead to poor adherence and reduced treatment efficacy.

- Topical treatments. Frequently used topical medications consist of retinoids (such as adapalene and tazarotene), antibiotics (such as fusidic acid and clindamycin), antioxidants (benzoyl peroxide), and other agents including azelaic acid, dapsone, selenium sulfide, sulfur, and salicylic acid. Additionally, physical and chemical treatments (such as photodynamic therapy, blue-red light therapy, laser treatments, and chemical peels) serve as adjunctive or alternative options for managing AV and its sequelae.
- Systemic treatments. Common systemic treatments for AV include antibiotics (such as doxycycline and minocycline), retinoids (isotretinoin), and hormonal therapies (including anti-androgens and corticosteroids). These medications aim to reduce inflammation, control bacteria, and normalize skin cell turnover.

BUSINESS

Traditional AV therapies primarily focus on antibacterial effects, sebum control, or keratinization regulation. In contrast, TYK2 represents a novel inflammatory target that modulates immune pathways to control inflammation, offering a markedly different mechanism of action. Several approved pan-JAK inhibitors have been associated with new-onset AV or worsening of existing AV (acneiform eruptions) as AEs in both clinical trials and product labeling. Distinct from those agents, TYK2 is among the new targets for AV treatment, demonstrating potential advantages in both efficacy and tolerability advantages.

Given the sensitive nature of acne-prone skin, there is a significant clinical need in the treatment landscape. Key inflammatory pathways involving Th17 cells and cytokines such as IL-17, IFN- γ , TNF- α , IL-22, and IL-12 play crucial roles in acne pathogenesis. TYK2 inhibitors can suppress IL-23/Th17 and IL-12/Th1 signaling pathways, leading to downregulation of inflammatory cytokines like IL-17, TNF- α , IFN- γ , and IL-22. This mechanism presents a promising therapeutic potential for TYK2 inhibitors in AV treatment, offering a novel approach to managing the condition while addressing the underlying inflammatory processes.

For AV treatment, existing topical and systemic therapies demonstrate established efficacy but are associated with clear limitations. Retinoids such as adapalene achieve approximately 40–52% lesion reduction at week 12, but are mainly effective in mild disease and are commonly associated with local irritation and photosensitivity. Hormonal therapies (e.g. drospirenone plus ethinylestradiol) show lesion reduction of approximately 67% after six treatment cycles, but their use is restricted to specific female populations and may be associated with hormone-related AEs. Antibiotics and antimicrobials such as benzoyl peroxide achieve median lesion reductions of approximately 62–67% at week 12; however, their efficacy on non-inflammatory lesions is limited, and continuous use is often required, with local skin irritation being common.

HJ787, as a selective TYK2 inhibitor formulated for topical use, is designed to modulate inflammatory signalling while minimising off-target effects associated with broader JAK inhibition. In a Phase IIa study, HJ787 demonstrated reductions of 42.3% in non-inflammatory lesions and 43.5% in inflammatory lesions at week 12, together with potential benefits in improving skin dullness and restoring the skin barrier. Importantly, no treatment-related AEs, treatment interruptions or discontinuations were reported, and no local irritation was observed. These data suggest that, compared with existing standard of care, HJ787 may offer a differentiated balance of clinically meaningful efficacy across both inflammatory and non-inflammatory lesions with a favourable safety and tolerability profile, supporting its potential positioning as a novel anti-inflammatory topical therapy in AV. HJ787 ointment has been evaluated in clinical trials involving a limited number of patients with AV. Additional studies in larger patient populations may be needed to further substantiate its efficacy and safety in AV.

Our Advantages

- Meaningful efficacy. HJ787, the first new mechanism for AV treatment in recent five years, is a selective TYK2 inhibitor. Several JAK inhibitors (e.g., ruxolitinib, abrocitinib, baricitinib, upadacitinib) that have been associated with new-onset AV or worsening of existing AV (acneiform eruptions) as AEs. By contrast, HJ787 has demonstrated promising therapeutic effects in both preclinical and clinical studies for the treatment of AV. In animal models induced by *Cutibacterium acnes* and oleic acid, once-daily topical application of 3% HJ787 significantly alleviated inflammation and improved acne-like symptoms. By day 7, reductions in scaling were superior to those observed with benzoyl peroxide gel, and by day 14, notable improvements were seen in keratinization, redness, and shedding. In our ongoing Phase IIa clinical trial in AV patients, HJ787 showed meaningful efficacy. At week 12, subjects experienced a 42.3% reduction in non-inflammatory lesions and a 43.5% reduction in inflammatory lesions from baseline. Additionally, some participants showed improvement in skin dullness and restoration of the skin barrier.
- Favorable safety and tolerability profile. In our Phase IIa studies in AV patients, no TRAEs were reported, and no AEs led to treatment interruption or study discontinuation. With minimal local irritation and suitability for sensitive skin, HJ787 holds strong potential as a long-term, well-tolerated treatment alternative for acne management.

BUSINESS

As of the Latest Practicable Date, other than HJ787, there were no clinical-stage drug candidates that target TYK2 for treating AV in China, according to CIC.

Summary of Clinical Trials

Phase I Clinical Trial

We received an IND approval of HJ787 from the NMPA in September 2023. We initiated a Phase I clinical trial in November 2023 and completed this trial in July 2024. See “—Our Core Products—HJ787—Summary of Clinical Trials—Phase I Clinical Trial” in this document for details.

Phase IIa Clinical Trial

We initiated a Phase IIa clinical trial to evaluate the efficacy and safety of HJ787 in patients with mild-to-moderate AV in February 2025, which was completed in May 2026.

Trial design. This clinical study is an multi-center open-label Phase IIa clinical study conducted in China to evaluate the efficacy and safety of HJ787 topical ointment in patients with mild-to-moderate AV. We plan to enroll a total of 30 eligible subjects who will be randomized into two treatment cohorts (A1 and A2), with 15 subjects in each group. Participants applied 3% HJ787 ointment twice daily (with a minimum 8-hour interval between applications) over a 12-week treatment period. In the A1 cohort, the study drug was applied to the entire facial area, while in the A2 cohort, application was limited to acne lesions. The primary objective of the study is to assess the therapeutic efficacy of HJ787 in treating mild to moderate AV, while the secondary objective is to evaluate its safety profile. Eligible participants were between 18 and 35 years of age and had a clinical diagnosis of mild to moderate AV, with ≥ 15 facial lesions at both screening and baseline. The trial duration was 12 weeks, consistent with the typical timeframe in which effective therapy leads to noticeable improvement compared with baseline in AV patients.

Trial status. The study was completed in May 2026.

Safety results. HJ787 demonstrated a favorable safety and tolerability profile. No TRAEs were reported in the trial.

Efficacy results. The trial is completed. In the A1 group (3%, bid, full-face application), all subjects completed 12 weeks of treatment. Compared with baseline, non-inflammatory lesion counts decreased by 42.3% and inflammatory lesion counts decreased by 43.5%. In addition, improvements were observed in skin dullness and skin barrier repair in certain subjects.

Summary of Preclinical Studies

We conducted a series of preclinical studies in order to characterize the PD, PK and toxicology profile of HJ787. HJ787 has demonstrated significant inhibitory activity against TYK2 JH2 pseudokinase with an IC_{50} value less than 0.1 nM in our *in vitro* study. HJ787 also showed high selectivity by targeting the JH2 domain and had limited inhibitory effect on the JH1 domain of TYK2 in our *in vitro* study.

BUSINESS

HJ787 demonstrated inhibitory activity against TYK2 JH2 pseudokinase with an IC_{50} of less than 0.1 nM, representing greater potency compared to the positive control BMS-986165 (deucravacitinib, the first FDA-approved oral TYK2 inhibitor), which had an IC_{50} of greater than 1.5 nM.

HJ787 exhibited minimal inhibitory activity against the JH1 kinase domains of the JAK family, with IC_{50} values of >10,000 nM for JAK1, JAK2, and TYK2, and 3,758 nM for JAK3, indicating that HJ787 does not significantly inhibit the catalytic domains of JAK1, JAK2, JAK3, or TYK2.

Assay ID	Compound ID	IC_{50} (nM)
JAK1 (JH1)	Tofacitinib	28.0
	HJ787	>10000
JAK2 (JH1)	Tofacitinib	131.4
	HJ787	>10000
JAK3 (JH1)	Tofacitinib	2.011
	HJ787	3758
TYK2 (JH1).	Tofacitinib	36.91
	HJ787	>10000
TYK2 (JH2)	HJ787	0.09

Neurodermatitis

Neurodermatitis (ND) is a common, chronic inflammatory skin disorder driven in part by abnormal skin nerve interactions and a persistent itch-scratch cycle. Repeated scratching leads to thickened, lichenified plaques with pronounced skin markings. Lesions most frequently appear on the neck, elbows, ankles, vulva, eyelids and face. Although the condition is not life threatening, its chronic, relapsing nature and visible skin changes can cause significant physical discomfort and psychosocial burden, including sleep disturbance, anxiety and reduced quality of life. Lesion distribution and disease extent serve as the primary criteria for classifying ND. In China, approximately 18%, 63% and 19% of ND patients had single-lesion, multiple-lesion and generalized disease, respectively.

Market Opportunity and Current Treatment

In China, the affected population has grown from approximately 159.8 million in 2020 to 164.1 million in 2024, and is projected to reach about 166.9 million by 2028. This large and growing patient population represents a meaningful public health and commercial opportunity for more effective and better tolerated therapies.

Topical steroid creams are the main treatment for ND, with strength chosen for the affected area; non steroid ointments (like tacrolimus), moisturizers, and itch relief creams are added as needed, antihistamine pills can ease itching, and stronger oral drugs are only used for severe or treatment resistant cases because of side effects. ND represents a high burden, high prevalence condition with an established standard of care but clear gaps in long term disease control and tolerability, creating an opportunity for improved topical therapies.

As of the Latest Practicable Date, no TYK2 inhibitors had been approved for the treatment of ND in China. The treatments of ND include corticosteroids, and anti-inflammatory therapies, with a targeting patient group reaching 164.1 million in China in 2024. As of the Latest Practicable Date, there are two approved drugs for ND in China and two approved drugs globally.

In the current ND treatment landscape, corticosteroids such as mometasone and methylprednisolone acetate demonstrate rapid and high rates of symptom improvement (approximately 70% at four weeks for topical mometasone and over 90% with intralesional methylprednisolone acetate in combination regimens). However, their therapeutic effect is largely symptomatic, without addressing the underlying inflammatory and itch-scratch cycle, which limits their suitability for long-term maintenance. Prolonged

BUSINESS

or repeated use is further constrained by safety considerations, including AEs and cumulative steroid-related risks. Non-steroidal anti-inflammatory therapies such as etofesalamide ointment offer a more favorable local safety profile, but are characterized by a slower onset of action and are generally limited to mild disease or maintenance therapy, with efficacy typically building over several weeks. In contrast, HJ787, as a selective TYK2 inhibitor, offers a differentiated therapeutic approach in ND, an area where treatment options are currently limited and largely rely on topical corticosteroids. HJ787 ointment has the potential to provide a non-steroidal and well-tolerated treatment alternative for ND. However, the pathophysiology of ND is complex, and the clinical efficacy of HJ787 ointment in this indication requires further investigation. Additional clinical studies will be necessary to fully evaluate and validate its therapeutic benefit in ND.

Summary of Clinical Trials

Phase I Clinical Trial

We received an IND approval of HJ787 from the NMPA in September 2023. We initiated a Phase I clinical trial in November 2023 and completed this trial in July 2024. See “—Our Core Products—HJ787—Summary of Clinical Trials—Phase I Clinical Trial” in this document for details.

Ongoing Phase II Clinical Trial

We initiated the Phase II clinical trial in August 2024 to evaluate the efficacy and safety of HJ787 in treating patients with ND. The trial is currently ongoing.

Trial design. This is a randomized, double-blind, placebo-controlled, multicenter clinical study designed to evaluate the efficacy and safety of HJ787 ointment in patients with ND. The primary objective of the study will be to assess the efficacy of HJ787 ointment applied topically in patients with ND. Secondary objectives will include evaluating improvement of target lesions after applying HJ787 ointment, characterizing PK and PD properties, and assessing overall safety and tolerability.

Eligible patients will be those with ND whose affected skin areas (excluding scalp lesions but including facial lesions) will cover no more than 15% of body surface area (BSA) and whose lesions will be suitable for topical treatment. A total of 108 eligible subjects will be randomized to one of three dose groups: N1 (0.5% HJ787 ointment/matching 0.5% placebo, applied once each morning), N2 (3% HJ787 ointment/matching 3% placebo, applied once each morning), or N3 (3% HJ787 ointment/matching 3% placebo, applied twice daily—morning and evening—approximately 12±4 hours apart). Each dose group will include 36 subjects. Within each dose group, subjects will be randomized 3:1 to receive HJ787 ointment or the matching placebo, and treatment will continue for 12 weeks.

Trial status. The trial is currently ongoing. As of the Latest Practicable Date, we had enrolled 49 subjects.

Material Communications With Competent Authorities

In July 2023, we submitted an IND application to the NMPA for conducting clinical trial of HJ787 for the treatment of patients with ND in China, which was approved by the NMPA in September 2023.

The application materials submitted to the NMPA and the corresponding IND approval encompassed both Phase I and Phase II clinical trials for HJ787 ointment, and with each of the Phase I and Phase II clinical trials being a separate trial with different endpoints. The IND approval authorizes the conduct of both trials without stipulating any additional approval requirements from the NMPA. As of the Latest Practicable Date, the primary endpoint, including the assessment of the safety and tolerability of single and multiple topical applications of HJ787 ointment of the Phase I trial had been reached, marking the completion of this trial.

BUSINESS

According to CIC, it is common industry practice that the sponsor and the principal investigator review the trial results, including safety data, PK profile against the primary and secondary endpoints set in the Phase I trial protocol, and then exercise their judgment determining whether the Phase I clinical trial has met its primary objectives and whether to initiate the Phase II clinical trial. The principal investigator and we have reviewed the data from the Phase I clinical trial and determined that the primary objectives for the Phase I trial had been met. Therefore, we consider the Phase I trial to have been completed.

In February 2024, we submitted an IND application to the NMPA for HJ787 for the treatment of AD and obtained the approval in April 2024. In October 2024, we submitted an IND application to the NMPA for HJ787 for the treatment of AV and obtained the approval in December 2024. These IND approvals explicitly specify that prior to conducting a Phase III registrational trial, communication with the CDE for clinical protocol is recommended. Apart from that, no additional communication is necessary for conducting clinical trials for the approved indication. Therefore, once the primary objectives of the Phase I trial were met, no additional approval or confirmation from the NMPA is required for the initiation of a Phase II trial. According to CIC, if a Phase I trial has already been completed for a drug and demonstrates an acceptable safety profile and tolerability in humans, its findings can generally be applied to additional indications for the same product. Phase I studies primarily assess safety, dosage, and PK rather than efficacy in a specific disease, so repeating a full Phase I for every new indication is usually unnecessary. Regulatory agencies typically allow sponsors to proceed directly to later-phase trials (e.g., Phase II) for additional indications when the initial Phase I data adequately characterize human safety and systemic exposure for the intended route and formulation. As we have completed a Phase I trial for the ND indication, it is not required to conduct another Phase I trial for the AD and AV indications. In line with the safety reporting requirements, we have regularly submitted annual development safety update reports (DSURs) to the CDE. Pursuant to the Working Procedures for Safety Information Assessment and Risk Management During Drug Clinical Trials (Trial) issued by the CDE, if no objections or requests for additional information are received from the CDE within the prescribed review period, we may proceed with the clinical trial in accordance with the conditions and plans specified in the trial approval. We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

In August 2025, we confirmed with CDE that it had no objection that (i) our Phase I trial has been completed, and (ii) we may proceed with the Phase II of HJ787 for the treatment of AD, Phase IIa of HJ787 for the treatment of AV and Phase II of HJ787 for the treatment of ND without obtaining additional approvals. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

Next Steps

AD: We plan to initiate a Phase III clinical trial in patients with mild-to-moderate AD in China in the second half of 2026, with expected completion in the first half of 2027, and submit an NDA to the NMPA in the second half of 2028. We also plan to submit an IND application for the AD indication to the FDA in March 2027.

AV: We plan to initiate a Phase IIb clinical trial in patients with AV in China in the second half of 2026, with expected completion in the first half of 2027, and submit an NDA to the NMPA in the second half of 2028. We also plan to submit an IND application for the AV indication to the FDA in the second half of 2026.

Since HJ787 ointment has entered the clinical stage, we will first generate comprehensive safety and efficacy data for the topical formulation before allocating additional resources to an oral formulation, allowing a fully evaluation of the therapeutic potential of HJ787. As the topical program advances, we will also explore HJ787 ointment for Ps, enabling us to allocate clinical and operational resources efficiently at each stage. This phased approach prioritizes depth of investigation before broadening indications.

We have no immediate clinical development plans for HJ787 for the oral treatment of mild-to-moderate AD and ND or the oral or topical treatment of Ps, and this decision is not related to any safety or efficacy concerns.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ787 SUCCESSFULLY.

BUSINESS

HJ178

HJ178 is an orally available small molecule developed for type 2 diabetes and potentially overweight or obesity. Use of HJ178 raises GLP-1 levels and suppresses GIP secretion. This mechanism enhances insulin release and sensitivity while lowering its resistance, increases satiety and decreases fat accumulation, together producing both glucose-lowering and weight-loss effects.

Injectable GLP-1 related therapies is effective in lowering blood sugar levels and reducing the risk of cardiovascular and other diabetes-related complications while helping to control blood sugar fluctuations. However, the use of injectable formulations, particularly large-molecule GLP-1 related therapies, poses several challenges. Patients often experience side effects such as nausea, vomiting, and depressive symptoms, which can significantly impact their quality of life and adherence to treatment. Furthermore, the convenience of administration and the high cost of these medications can be barriers for many patients, leading to difficulties in maintaining long-term use. As a result, despite their therapeutic benefits, these factors contribute to lower adherence rates, highlighting the need for more patient-friendly alternatives in diabetes management. We are developing HJ178 as a long-term, orally administered treatment for type 2 diabetes, offering a promising alternative to injectable GLP-1 related therapies. In our preclinical studies and completed clinical trials, HJ178 demonstrated promising glucose-lowering effects without commonly observed side effects. In addition, being an oral treatment, HJ178 addresses the administration challenges associated with injections, making it more accessible and easier for patient to incorporate into their daily routines.

The table below summarizes IND approval received for HJ178, the corresponding clinical trials conducted and the basis for progressing to the next phase of clinical trials:

Indication ⁽¹⁾	Month IND Approval Received	Clinical Trials	Basis for Progressing to the Next Phase of Clinical Trials
Oral treatment for Type 2 diabetes .	May 2023	<ul style="list-style-type: none"> Initiated a Phase I clinical trial (registration number: CTR20233196) in October 2023 and completed the trial in November 2023 Initiated a Phase Ib/IIa clinical trial (registration number: CTR20240016) in January 2024. Specifically, the Phase Ib portion commenced in January 2024 and was completed in March 2024. The Phase IIa portion commenced in March 2024, and the Phase IIa clinical trial was completed in May 2024⁽¹⁾ Initiated a Phase II clinical trial (registration number: CTR20251614) in July 2025 and expect to complete this trial in the first half of 2027 	<p>The IND approval explicitly authorizes both Phase I and Phase II clinical trials for HJ178. It states that, prior to initiating a Phase III trial, communication with the CDE regarding clinical protocol is required. Apart from this, no additional communications are necessary to conduct clinical trials for the approved indication.</p> <p>Prior to initiating the Phase Ib/IIa clinical trial, the Company submitted the Phase Ib/IIa trial design (including key Phase I results), the ethics committee’s approval of the Phase Ib/IIa protocol and informed consent form to the CDE in January 2024, and these materials have been published on the CDE Clinical Trial Platform since January 2024.</p> <p>Prior to initiating the Phase II clinical trial, the Company submitted the Phase Ib/IIa trial design (including key Phase I and Ib/IIa results), the ethics committee’s approval of the Phase II protocol and informed consent form to the CDE in April 2025, and these materials have been published on the CDE Clinical Trial Platform since April 2025.</p>
Oral treatment for overweight or obesity.	To submit IND applications in October 2026	–	–

BUSINESS

Note:

1. Phase Ib and Phase IIa are combined clinical stages. In this clinical study, Phase Ib denotes the dose escalation portion conducted in healthy volunteers with several dose cohorts, equivalent to the dose escalation component of a conventional Phase I trial. Phase IIa denotes an exploratory safety and preliminary efficacy study conducted in patients with diabetes to collect data such as dose-selection information to support the design of the Phase II clinical trial. The completed Phase I study and the Phase Ib portion of the Phase Ib/IIa study meet the objectives and endpoints of a conventional Phase I trial. The Phase IIa is not equivalent to a full Phase II trial but provides early patient-based data to inform the design of a Phase II trial (for example, dose selection).

Mechanism of Action

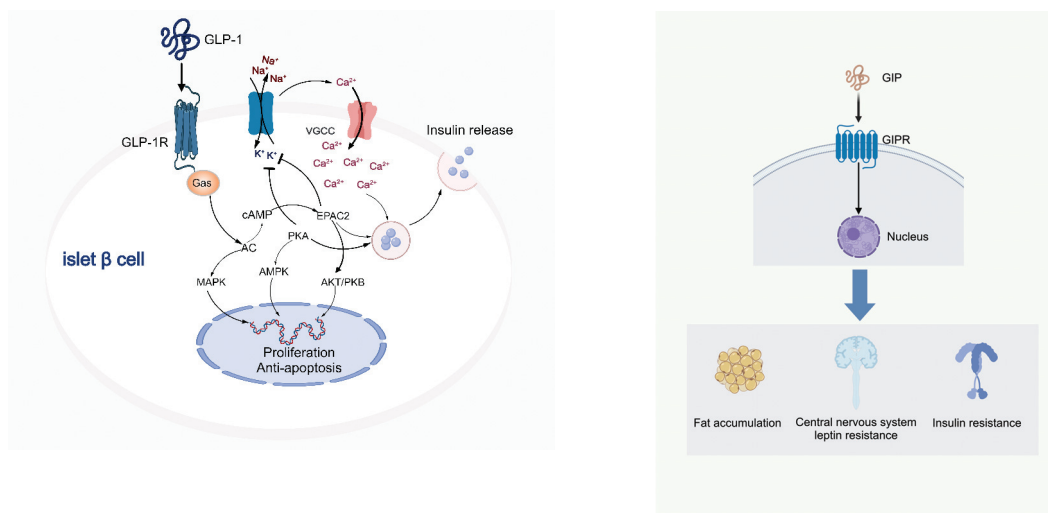
HJ178 is designed to modulate key incretin pathways involved in glucose and energy homeostasis by increasing GLP-1 secretion and reducing GIP secretion.

Activation of the GLP-1R pathway promotes glucose-dependent insulin secretion and suppresses glucagon release under hyperglycaemic conditions, thereby improving glycaemic control. GLP-1 signaling also delays gastric emptying, reduces intestinal glucose absorption, and attenuates postprandial glucose fluctuations. In addition, GLP-1 acts on hypothalamic appetite-regulating centers to suppress appetite and increase satiety, leading to reduced caloric intake and weight loss. GLP-1 signaling further contributes to metabolic benefits through natriuretic effects in the kidney, vasodilation of endothelial cells, and suppression of sympathetic nervous system activity, which collectively support blood pressure reduction. It also reduces hepatic fat accumulation — by improving insulin sensitivity, inhibiting hepatic de novo lipogenesis and promoting fatty acid oxidation.

Conversely, activation of the GIPR pathway has been associated with lipid accumulation, insulin resistance and leptin resistance in obese states. GIP signaling promotes adipose lipid storage through activation of downstream pathways such as cAMP-response element binding prote (CREB), Target of Rapamycin Complex 2 (TORC2) and protein kinase B (PKB) phosphorylation, upregulation of lipoprotein lipase, and induction of pro-inflammatory mediators. By suppressing GIP signaling, HJ178 mitigates these effects, thereby reducing fat accumulation and improving metabolic outcomes.

Through the stimulation of GLP-1 secretion and inhibition of GIP secretion, HJ178 demonstrates a differentiated mechanism of action that supports glycaemic control, weight reduction and overall metabolic improvement.

The following diagram illustrates the mechanism of action of GLP-1 and GIP:



BUSINESS

Market Opportunity and Competition

Diabetes is a condition characterized by elevated blood sugar levels. Sugar is derived from food and insulin, a hormone produced by pancreas that helps the sugar get into cells, providing them energy necessary for normal physiological function. In type 1 diabetes, the body fails to produce insulin, and in type 2 diabetes, the body does not effectively produce or utilize insulin. The prevalence of type 2 diabetes in China increased from 118.9 million in 2020 and to 127.6 million in 2024, and is expected to reach 136.3 million in 2028, according to CIC.

Type 2 diabetes is a major chronic disease that requires ongoing medical attention and long-term or even lifetime disease management. Current treatment paradigm faces challenges such as loss of efficacy over time that leads to lower disease control rate and suboptimal long-term patient adherence due to adverse effects. The management landscape for type 2 diabetes awaits a new modality that could address these clinical needs and help achieve better clinical outcome. As innovative drugs are being developed, drugs that could simultaneously provide superior safety profile and long-lasting blood sugar control would improve patient compliance and efficacy resilience and drive substantial growth of the type 2 diabetes drug market. The market size of type 2 diabetes drugs in China increased from RMB59.0 billion in 2020 and to RMB64.1 billion in 2024, and is expected to reach RMB83.3 billion in 2028. Among which, the market size of GLP-1 related therapies increased from RMB1.6 billion in 2020 and to RMB9.1 billion in 2024 at a CAGR of 55.0%, and is expected to reach RMB25.0 billion in 2028 at a CAGR of 28.7% from 2024 to 2028.

Among type 2 diabetes treatments, GLP-1 related therapies stand out for their superior glycemic efficacy and additional clinical benefits, including weight reduction and cardiovascular and renal protective effects. However, they are commonly associated with gastrointestinal AEs and treatment discontinuation. For example, oral semaglutide achieved reductions in 2-hour postprandial glucose of approximately 1.7-2.4 mmol/L at week 12, with GI-related discontinuation rates of up to 8%, while injectable semaglutide and liraglutide showed similar efficacy (approximately 1.4-2.7 mmol/L reduction) but reported SAE rates of 5-9.4% and notable tolerability and adherence challenges due to injection requirements. DPP-4 inhibitors such as sitagliptin and linagliptin offer more favorable safety profiles but deliver comparatively modest glycaemic control, with postprandial glucose reductions generally around 1.4-2.0 mmol/L. SGLT-2 inhibitors, including henagliflozin and dapagliflozin, provide moderate efficacy (approximately 2-4 mmol/L reduction) but are associated with specific safety considerations, including an increased risk of diabetic ketoacidosis and dependence on renal function. Multi-target GLP-1 related therapies such as tirzepatide demonstrate enhanced glucose-lowering effects (approximately 3-4 mmol/L reduction) but remain subject to gastrointestinal tolerability issues and limited long-term safety data.

HJ178 has demonstrated a differentiated efficacy and safety profile in early clinical studies. HJ178 achieved a reduction of 5.88 mmol/L in 2-hour postprandial glucose from baseline, which is numerically greater than that reported for currently marketed GLP-1 related therapies, DPP-4 inhibitors and SGLT-2 inhibitors in comparable settings. Importantly, HJ178 was not associated with any SAEs or treatment discontinuations, and reported AEs were mild, including diarrhea and abdominal pain. Based on these data, HJ178 has the potential to offer enhanced glycaemic control with a favorable tolerability profile, supporting its differentiated positioning within the evolving diabetes treatment landscape. In addition, HJ178 has shown preliminary weight-reduction effects. However, its weight-loss potential in overweight or obese populations remains to be further evaluated through additional clinical studies.

HJ178 will compete in the oral anti-diabetic market with established therapies marketed by large pharmaceutical companies, including DPP-4 inhibitors, SGLT-2 inhibitors, and oral GLP-1 related therapies. While oral GLP-1 related therapies including orforglipron and oral semaglutide are being developed or have achieved regulatory approval ahead of HJ178, these products present tolerability and convenience limitations. Orforglipron demonstrated gastrointestinal AEs in 58-59% of patients with DRs of 9-10%, and presents potential resting heart rate elevation risks. Oral semaglutide exhibits similar tolerability issues and requires 30-minute fasting after administration. HJ178 has not demonstrated vomiting as an AE and does not appear to present resting heart rate elevation risk based on current data. Given that type 2 diabetes and obesity require long-term chronic treatment, safety and dosing convenience are critical treatment selection factors. HJ178's differentiated tolerability profile, combined with effective glucose-lowering efficacy, may provide competitive advantages despite later market entry. DPP-4 inhibitors have limited glucose-lowering efficacy, and SGLT-2 inhibitors present genitourinary infection risks. Our HJ178 development plan remains focused on demonstrating differentiated clinical benefits to support competitive market positioning upon approval.

BUSINESS

As of the Latest Practicable Date, 14 GLP-1 related therapies had been approved for the treatment of type 2 diabetes in China. The targeting patient population of GLP-1 related therapies for type 2 diabetes reached 127.6 million in China in 2024. As of the Latest Practicable Date, there were five oral GLP-1 related therapies that had entered into Phase II or later development stage in China and one oral GLP-1 related therapies had been approved by the NMPA, according to CIC. See “Industry Overview—GLP-1 related therapies Market—Type 2 Diabetes Drug Market” for details.

Our Advantages

- Meaningful efficacy.** HJ178 has demonstrated promising postprandial glucose-lowering effects, along with meaningful weight reduction, with overall efficacy superior to several currently available therapies. In our completed Phase Ib/IIa clinical trials, repeated dosing of HJ178 by patients with type 2 diabetes led to decreases in blood glucose from baseline by 3.18 mmol/L at 0.5 hours, 5.67 mmol/L at 1 hour, and 5.88 mmol/L at 2 hours after meals. In contrast, patients in the placebo group exhibited increases in postprandial glucose by 1.25, 0.52, and 4.63 mmol/L at the same time points, respectively. These results indicate that HJ178 has a greater glucose-lowering effect compared to approved antidiabetic medications as illustrated in table below. In addition to glycemic control, HJ178 also contributed to weight loss. After a 28-day treatment, body weight reductions from baseline in treatment groups (M1, M2 and M3) were 0.35 kg, 0.56 kg and 1.55 kg, respectively, while the placebo group experienced a reduction of only 0.07 kg.

Drug	2h postprandial glucose (mmol/L)
Semaglutide (injection)	Semaglutide 0.5 mg: -2.35 Semaglutide 1 mg: -2.65
Semaglutide (oral).	Semaglutide 3 mg: -1.7 Semaglutide 7 mg: -2.4 Semaglutide 14 mg: -2.4
Tirzepatide	Tirzepatide 5, 10 and 15mg: -3~ -4
Orforglipron.	Orforglipron 3mg: -2.33 Orforglipron 12mg: -3.75 Orforglipron 24mg: -3.74 Orforglipron 36mg: -3.86 Orforglipron 45mg: -3.99
Empagliflozin.	Empagliflozin 10mg: -1.98 Empagliflozin 25mg: -2.03
Linagliptin.	Linagliptin 5mg: -2.02
Metformin	Metformin 500mg BID: -2.7 Metformin 1000mg BID: -2.99
Rosiglitazone	Rosiglitazone 2mg: -2.0 Rosiglitazone 4mg: -2.4 Rosiglitazone 6mg: 2.5
Glimepiride	Glimepiride 8mg: -1.36
Acarbose	Acarbose 100mg: -1.4

Source: Literature review

- Good safety profile.** In our completed Phase Ib/IIa clinical trials, HJ178 demonstrated a favorable safety profile compared to commonly used anti-diabetic medications, such as semaglutide. There were no AEs that led to dose discontinuation and no AEs that led to dose reduction. In contrast, semaglutide has demonstrated SAE rates ranging from 5% to 9.4% in its clinical trial, with 4.5% to 10% of patients experiencing AEs that necessitated early treatment discontinuation, along with a fatal AE occurrence of 0% to 1%. AEs frequently associated with tirzepatide and semaglutide, such as vomiting and nausea. No vomiting was reported with HJ178, and nausea incidence was lower than placebo. While diarrhea was reported, nearly all cases were mild and transient. Importantly, a range of other AEs commonly linked to these agents, including decreased appetite, constipation, dyspepsia, injection site reactions, fatigue, and hypersensitivity, were not observed with HJ178.

BUSINESS

Summary of Clinical Trial

Ongoing Phase II Clinical Trial

We initiated a Phase II clinical trial in July 2025 to evaluate the efficacy and safety of HJ178 in people with type 2 diabetes mellitus inadequately controlled with diet and exercise alone. According to the Technical Guidelines for Clinical Development of Drugs for Type 2 Diabetes in Adults, clinical trials of type 2 diabetes therapies should include one study in patients inadequately controlled by diet and exercise and one study in patients inadequately controlled on metformin. The ongoing Phase II trial was designed in line with these guidelines. The trial is currently ongoing.

Trial design. This trial is a randomized, double-blind, placebo-controlled, multi-center study designed to evaluate the efficacy and safety of HJ178 in patients with type 2 diabetes inadequately controlled with diet and exercise. The trial consists of two parts and is expected to enroll approximately 130 patients with baseline HbA1c levels between 7.0% and 10.0%, all of whom will continue to receive dietary and exercise counseling throughout the study.

The trial is designed to enroll patients with type 2 diabetes whose blood glucose was not adequately controlled by diet and exercise alone. In line with the Technical Guidelines for Clinical Development of Drugs for Type 2 Diabetes in Adults, early exploratory studies typically include patients who have undergone lifestyle intervention for more than three months but still have poor glycemic control, to minimize confounding factors and better assess drug efficacy and safety.

The study aims to enroll 130 patients, based on statistical calculations from historical data and similar trials. The treatment duration was 13 weeks, as the primary efficacy endpoint, HbA1c, reflects average blood glucose over the past two to three months, making this duration appropriate for evaluating changes in glycemic control.

Trial status. As of the Latest Practicable Date, 32 subjects had been enrolled in the trial. We expect to complete this trial in the first half of 2027.

Phase Ib/IIa Clinical Trial

Trial design. This clinical trial was a randomized, double-blind, placebo-controlled, single-center, dose-titration clinical study in China to evaluate the safety, tolerability, PK, and efficacy of multiple doses of HJ178 capsule in both healthy subjects and patients with type 2 diabetes. This study consisted of two parts: Phase Ib enrolled healthy subjects and evaluating multiple ascending doses, while Phase IIa enrolled patients with type 2 diabetes to evaluate preliminary efficacy.

The study comprised two phases. In Phase Ib, it enrolled healthy subjects into four dose groups (low, medium, medium-high, and high), each including ten subjects—eight receiving HJ178 and two receiving placebo. The M1 group (low dose) received fixed dosing, while M2 to M4 groups received dose-titrated regimens. In Phase IIa, it enrolled type 2 diabetes patients with poor glycemic control despite diet and exercise, into a single medium-high dose group (N1), also with ten subjects (eight HJ178, two placebo) using a titrated dosing schedule. The primary objective was to assess the safety and tolerability of repeated HJ178 dosing and the secondary objectives included evaluating its PK profile and therapeutic efficacy in both populations. This trial is aim to provide reference for Phase II trial design.

Trial status. The Phase Ib portion commenced in January 2024 and was completed in March 2024. The Phase IIa clinical trial commenced in March 2024, and was completed in May 2024. A total of 50 subjects were enrolled, all of whom completed dosing. Among them, 40 subjects received HJ178, and 10 subjects received placebo.

Safety results. No SAEs, AEs leading to study withdrawal, dose interruption, dose reduction, dose discontinuation, death or hypoglycemia were reported in the study. All drug-related AEs were transient. No clinically significant abnormalities in physical examinations or vital signs were observed in any

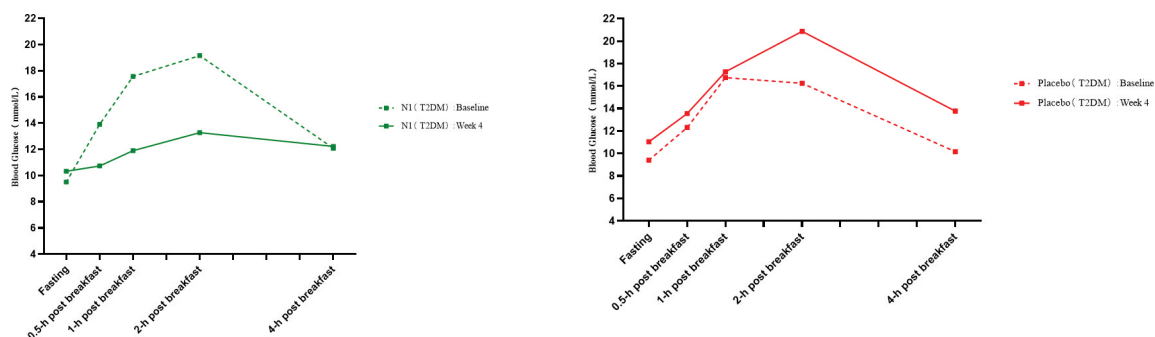
BUSINESS

enrolled subject. TRAEs that occurred in more than one subject and at a higher incidence than placebo mainly included diarrhea, abdominal pain, positive urine red blood cells, elevated blood uric acid, and increased serum amylase, all of which were mild in severity.

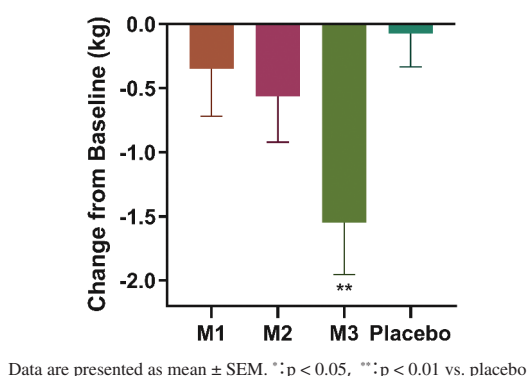
Efficacy results. Following multiple dosing, HJ178 reduced postprandial blood glucose levels in patients with type 2 diabetes. In the HJ178 treatment group, reductions from baseline at 0.5, 1, and 2 hours post-meal were 3.18 mmol/L, 5.67 mmol/L, and 5.88 mmol/L, respectively. In contrast, the placebo group showed increases of 1.25 mmol/L, 0.52 mmol/L, and 4.63 mmol/L at the corresponding time points.

As illustrated, multiple dosing of HJ178 capsules in diabetic patients resulted in a significant reduction in postprandial blood glucose relative to baseline. The glucose levels in diabetic subjects before and after multiple dosing with HJ178 are shown, with the dashed line representing pre-dose (Day -1) glucose and the solid line representing post-dose (Day 28) glucose:

As illustrated, multiple dosing with placebo in diabetic subjects did not result in a reduction of postprandial blood glucose relative to baseline. Glucose levels before and after multiple dosing in the placebo group of diabetic subjects are presented:



As illustrated below, HJ178 not only demonstrates significant glucose-lowering effects but also contributes to weight reduction. Following multiple doses, subjects treated with HJ178—including healthy volunteers in groups M1, M2 and M3—experienced mean weight decreases from baseline of 0.35, 0.56 and 1.55 kg, respectively. In comparison, subjects receiving the HJ178 placebo exhibited a mean weight reduction of 0.07 kg:



Notes:

- (1) The M4 and N1 groups required longer titration time and had shorter durations at the stable-dose treatment.
- (2) Changes in body weight from baseline were: M1: -0.35 kg; M2: -0.56 kg; M3: -1.55 kg; placebo: -0.07 kg.

BUSINESS

Conclusion. Single and multiple dosing of HJ178 demonstrated a favorable safety profile and a significant postprandial glucose-lowering effect. In subjects with type 2 diabetes, multiple doses of HJ178 reduced postprandial blood glucose levels by 3.18, 5.67, and 5.88 mmol/L at 0.5, 1, and 2 hours after a meal, respectively, indicating its potential to significantly improve postprandial glycemic control and increase time-in-range (TIR) in patients with type 2 diabetes.

Phase I Clinical Trial

We initiated a Phase I clinical trial in October 2023 to evaluate the safety, tolerability, PK, and PD of a single oral dose of HJ178 capsule in healthy subjects.

Trial design. This was a single-dose randomized, double-blind, placebo-controlled, single-center, dose-escalation study to evaluate the safety, tolerability, PK, and pharmacodynamics (PD) of a single oral dose of HJ178 capsules in healthy subjects. A total of seven cohorts were enrolled, with 10 subjects in each cohort, for a total of 70 subjects. Of these, each dose group included eight subjects received HJ178 capsules and two received placebo. Subjects in groups S1 to S7 were administered a single dose (D1) of either HJ178 or placebo. According to the Technical Guidelines for Pharmacokinetic Studies of Chemical Drugs, enrolling 8–12 subjects per dose group meets the requirements for exploratory PK studies while following the principle of minimal exposure risk.

The primary objective of the study was to assess the safety and tolerability of single oral doses of HJ178 in healthy subjects. The secondary objective was to evaluate the pharmacokinetic profile of HJ178 and its effect on glucose levels relative to baseline following administration.

Healthy male and female subjects aged 18 to 45 years were enrolled, with those having major diseases excluded to avoid interference with safety evaluation. This was a single ascending dose study, designed to provide reference and data support for dose selection in subsequent multiple-dose studies.

Trial status. The trial has been completed, with a total of 71 healthy subjects enrolled. Of these, 70 participants completed dosing, including 56 subjects in the HJ178 treatment group and 14 in the placebo group.

Safety profile. No SAEs, AEs leading to study withdrawal, dose adjustments, or death, nor any hypoglycemic events were reported in the study. The only TRAEs observed in more than one subject and at a higher incidence than the placebo group were mild diarrhea and abdominal distension. All drug-related AEs were of mild to moderate intensity and transient in nature. No clinically significant abnormalities were reported in physical examinations or vital signs among any enrolled subjects.

Efficacy profile. HJ178 demonstrated a rapid glucose-lowering effect and improvement in time-in-range (TIR), contributing to effective day-long glycemic control. A single oral dose of HJ178 significantly reduced postprandial blood glucose levels. In healthy subjects, postprandial blood glucose at 0.5 hours after dosing decreased from baseline by 1.14, 2.11, 1.80, 2.75, 1.78, 2.87, and 2.40 mmol/L in the S1-S7 dose groups, respectively, compared to a decrease of only 0.09 mmol/L in the placebo group. At 1 hour post-dose, the respective reductions were 1.28, 1.46, 1.18, 2.35, 1.40, 2.29, and 1.06 mmol/L, while the placebo group showed a reduction of 0.63 mmol/L.

Conclusion. In this trial, 71 subjects were enrolled, of which 70 completed treatment and were included in the safety analysis. No AEs, treatment discontinuations due to AEs, or Grade 3 or higher AEs were reported. All observed AEs were mild to moderate (Grade 1-2) and transient in nature. The most common AEs ($\geq 5\%$ incidence) included diarrhea, abdominal distension, and elevated triglycerides. No clinically meaningful abnormalities were observed in physical examinations, ECG, or vital signs, and the overall tolerability of HJ178 was favorable.

BUSINESS

Summary of Preclinical Studies

HJ178 has demonstrated significant glucose- and HbA1c-lowering effects, with efficacy markedly superior to that of currently available oral antidiabetic agents such as DPP-4 inhibitors and SGLT2 inhibitors. Repeated dosing of HJ178 significantly reduced OGTT blood glucose and HbA1c levels in the db/db mouse model of type 2 diabetes. HJ178 demonstrated a dose-dependent reduction in postprandial glucose, with HbA1c levels also decreasing in a dose-dependent manner; the high-dose group showed significantly greater efficacy than linagliptin. HJ178 has also demonstrate significant weight reduction effects in animal models, indicating its potential as an anti-obesity agent.

Material Communications with Competent Authorities

We submitted an IND application to the NMPA for conducting clinical trial of HJ178 for the treatment of patients with type 2 diabetes indication and received the approval from the NMPA in May 2023. Subsequently, we initiated a Phase I clinical trial in October 2023 to evaluate the safety, tolerability, and PK of a single dose of HJ178 capsule in healthy subjects and completed this trial in November 2023. Following the Phase I clinical trial, we initiated a Phase Ib/IIa clinical trial in January 2024 to assess the safety, tolerability, PK, and preliminary efficacy of multiple doses in both healthy subjects and patients with type 2 diabetes. The Phase Ib portion commenced in January 2024 and was completed in March 2024. The Phase IIa portion commenced in March 2024, and was completed in May 2024. Additionally, we initiated a Phase II clinical trial in July 2025 to further evaluate the efficacy and safety of HJ178 in people with type 2 diabetes mellitus inadequately controlled with diet and exercise alone. The trial is currently ongoing.

The application materials submitted to the NMPA and the corresponding IND approval encompassed both Phase I and Phase Ib/IIa clinical trials for HJ178, with each of the Phase I and Phase Ib/IIa clinical trials being a separate trial with different endpoints. The IND approval authorizes the conduct of both trials without stipulating any additional approval requirements from the NMPA. As of the Latest Practicable Date, the primary objectives, including the assessment the safety and tolerability of single oral doses of HJ178 in healthy subjects of the Phase I trial, and the valuation of the safety, tolerability, PK, and efficacy of multiple doses of HJ178 capsule in both healthy subjects and patients of Phase Ib/IIa had been reached, marking the completion of these trials.

According to CIC, it is common industry practice that the sponsor and the principal investigator review the trial results, including safety data, PK profile against the primary and secondary endpoints set in the Phase I trial protocol, and then exercise their judgment determining whether the Phase I clinical trial has met its primary objectives and whether to initiate the Phase II clinical trial. The principal investigator and we have reviewed the data from the Phase I clinical trial and determined that the primary objectives for the Phase I trial had been met. Therefore, we consider the Phase I trial to have been completed.

The IND approval explicitly specifies that prior to conducting a Phase III registrational trial, communication with the CDE for clinical protocol is recommended. Apart from that, no additional communication is necessary for conducting clinical trials for the approved indication. Therefore, once the primary objective of the Phase I trial were reached, no additional approval or confirmation from the NMPA is required for the initiation of a Phase II trial. In line with the safety reporting requirements, we have regularly submitted annual development safety update reports (DSUR) to the CDE. Pursuant to the Working Procedures for Safety Information Assessment and Risk Management During Drug Clinical Trials (Trial) issued by the CDE, if no objections or requests for additional information are received from the CDE within the prescribed review period, we may proceed with the clinical trial in accordance with the conditions and plans specified in the trial approval. We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

BUSINESS

In August 2025, we confirmed with the CDE that it had no objection that (i) our Phase I and Ib/IIa trials have been completed, and (ii) we may proceed with the Phase II trial without obtaining additional approval.

As of the Latest Practicable Date, we had not received any relevant regulatory agency’s concerns or objections to the commencement of any of our clinical trials or our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

Next Steps

We expect to complete the ongoing Phase II clinical trial in the second half of 2026, with expected completion in the first half of 2027, and communicate with the CDE before we commence the Phase III clinical trial. We plan to initiate the Phase III trial in the first half of 2027, with expected completion in the second half of 2028, and submit an NDA to the NMPA for the treatment of type 2 diabetes in the second half of 2028.

Because we have completed a Phase I clinical trial of HJ178 in healthy volunteers, a separate Phase I study for the overweight or obesity indication is not required. We plan to submit an IND application to the NMPA in October 2026 for the treatment of overweight or obesity. In parallel, we intend to submit an IND application to the FDA in December 2026 and October 2026 for the treatment of type 2 diabetes and overweight or obesity, respectively. In connection with the IND application, we plan to communicate with the FDA regarding the feasibility of commencing a Phase II clinical trial of HJ178 for the treatment of overweight or obesity.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ178 SUCCESSFULLY.

HJ891

HJ891, one of our Core Products, is a KRAS^{G12C} inhibitor intended for the treatment of NSCLC with KRAS^{G12C} mutation. KRAS^{G12C} is a common KRAS mutation subtype in NSCLC. KRAS mutations are genetic drivers of multiple cancer types and the cysteine 12 (C12) mutation causes the KRAS protein to stay in its active state that drives pro-tumorigenic signals and establishes the main signal axis of tumor cell proliferation and survival. HJ891 has the potential of treating NSCLC with KRAS^{G12C} mutation by binding to KRAS^{G12C} and locking the KRAS protein in its inactive state to disrupt its signals, thereby preventing cancer cell proliferation.

We are developing HJ891 as a treatment for NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies as monotherapy. Building on that single agent evidence, we are pursuing a combination strategy with toripalimab, a PD-1 inhibitor approved for NSCLC with a favorable efficacy and safety profile, for first line non-squamous NSCLC with KRAS^{G12C} mutation. Combining a KRAS^{G12C} inhibitor with an anti PD-1 immunotherapy has a strong scientific rationale, targeted inhibition addresses the tumor’s oncogenic driver while immunotherapy can boost and prolong the anti-tumor immune response. HJ891 was one of the few KRAS^{G12C} inhibitors being developed for first-line treatment in combination with immunotherapy as of the Latest Practicable Date. We also plan to evaluate the efficacy and safety of HJ891 as a combination therapy for treating colorectal cancer.

BUSINESS

The table below summarizes IND approvals received for HJ891, the corresponding indications, lines of treatments and clinical trials conducted and the basis for progressing to the next phase of clinical trials:

Indication/Line of Treatment	Month IND Approval Received	Clinical Trials	Basis for Progressing to the Next Phase of Clinical Trials
Monotherapy for NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies as monotherapy (2L+ treatment)⁽¹⁾	April 2021	<ul style="list-style-type: none"> Initiated a Phase I/IIa clinical trial (registration number CTR20212195) in October 2021. Specifically, the Phase I portion commenced in October 2021, and was completed in July 2022, followed by the Phase IIa portion in May 2022, and the Phase IIa portion was completed in January 2023⁽²⁾ Initiated a pivotal single-arm Phase IIb clinical trial (registration number: CTR20231351) in June 2023 and expect to complete the trial in May 2026 	<p>The IND approval explicitly authorizes both Phase I and Phase II clinical trials for HJ891. It states that, prior to initiating a Phase III trial, communication with the CDE regarding clinical protocol is required. Apart from this, no additional communications are necessary to conduct clinical trials for the approved indication.</p> <p>Prior to initiating the pivotal Phase IIb clinical trial, the Company submitted a communication request to the CDE in January 2023, providing the Phase I/IIa results and the Phase IIb protocol, and obtained the CDE’s approval to proceed in April 2023. The Company then secured the ethics committee’s approval following reviews by the principal investigator, participating trial centers and ethics committee. The Company then submitted the ethics committee’s approval of the Phase IIb protocol, together with other materials to the CDE in April 2023, and these materials have been published on the CDE Clinical Trial Platform since April 2023.</p>
Combination therapy for non-squamous NSCLC with KRAS^{G12C} mutation (1L treatment)⁽⁴⁾	July 2023	Initiated a Phase Ib clinical trial (registration number: CTR20240054) in January 2024 and expect to complete the trial in June 2026 ⁽³⁾	

Notes:

- As of the Latest Practicable Date, the Company had not received the conditional market approval for HJ891 as a monotherapy. The Company expects to apply for conditional marketing approval upon completion of the pivotal Phase IIb clinical trial.
- The Phase I/IIa clinical trial is designed in two parts, with a dose-escalation Phase I portion that establishes safety and tolerability, characterizes PK, and determines the RP2D, followed by a dose-expansion Phase IIa portion that further characterizes safety and preliminary efficacy, and determines the recommended dose for the pivotal trial. The Phase I portion is equivalent to a conventional Phase I trial while the Phase IIa portion is equivalent to a conventional Phase II trial.
- This Phase Ib trial is a separate and standalone clinical trial from the planned Phase III trial. The Phase Ib trial consists of a dose-escalation stage and a dose-expansion stage. The dose-escalation stage is designed to assess the safety and preliminary efficacy of HJ891 combined with toripalimab in patients NSCLC, equivalent to a conventional Phase I trial. The dose-expansion stage evaluates efficacy and safety and to determine the RP3D, equivalent to a conventional Phase II study.
- In China, we procure toripalimab for HJ891 combination therapy clinical trials through independent third-party pharmaceutical suppliers rather than directly from Junshi Biosciences. The product supplied is toripalimab manufactured by Junshi Biosciences. According to CIC, this arrangement is consistent with industry practice, as pharmaceutical distribution in China must comply with GSP requirements and clinical trial drug supply involves specific requirements for receipt, storage, transportation, dispensing, recovery, and documentation. Engaging third-party suppliers with appropriate pharmaceutical operations, cold chain management, and documentation capabilities is a common clinical trial supply arrangement consistent with regulatory requirements. This supply arrangement is limited to supplying toripalimab for the HJ891 combination therapy clinical trial in China.

BUSINESS

Mechanism of Action

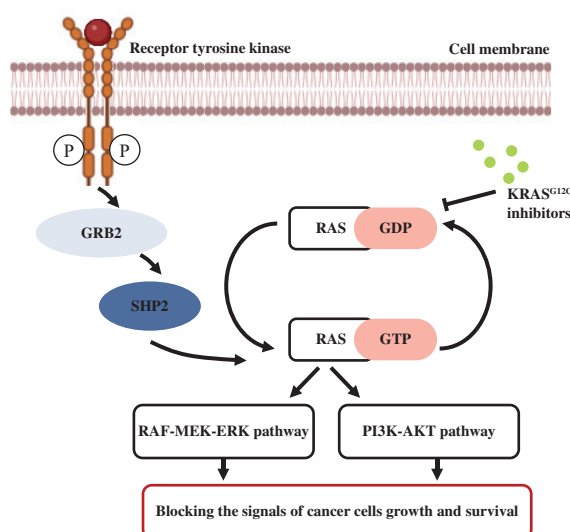
Monotherapy

The RAS family of proteins, particularly KRAS, plays a central role in regulating fundamental cellular processes, including cell proliferation, differentiation, migration and survival. RAS transduces signals primarily through two key downstream pathways, namely the RAF–MEK–ERK (MAPK) pathway and the PI3K–AKT–mTOR pathway. Persistent activation of these pathways promotes uncontrolled cell growth and survival. RAS functions as a binary molecular switch regulated by the GDP/GTP cycle: it remains “off” when bound to GDP and switches “on” upon binding GTP. Most oncogenic KRAS mutations occur at codon 12. The majority of KRAS mutations occur at codon 12. Substitution of glycine at this position with any amino acid other than proline results in steric hindrance that interferes with the binding of GTPase-activating proteins (GAPs) to KRAS. This impairment reduces GAP-mediated GTP hydrolysis, leading to a marked accumulation of GTP-bound, active KRAS. As a result, KRAS remains constitutively activated, driving persistent activation of downstream RAS signaling pathways that promote oncogenic cell proliferation and survival. In the case of the KRAS^{G12C} mutation, substitution at this residue impairs GTP hydrolysis by preventing the binding of GTPase-activating proteins, resulting in sustained accumulation of active, GTP-bound KRAS and constitutive downstream signaling.

The KRAS^{G12C} inhibitor primarily work by covalently binding to the mutant cysteine 12 residue in the switch II pocket (S-IIP) of the KRAS^{G12C} protein, effectively locking it in inactive, GDP-bound, state. This prevents the protein from transitioning to its active GTP-bound state, thus inhibiting downstream signaling pathways.

HJ891 is a selective KRAS^{G12C} inhibitor designed to covalently bind to the mutant cysteine residue at position 12 within the switch II pocket (S-IIP) of KRAS^{G12C}. By locking KRAS^{G12C} in its inactive, GDP-bound conformation, HJ891 prevents the transition to the active GTP-bound state and inhibits downstream signaling through the RAF–MEK–ERK and PI3K–AKT–mTOR pathways. Through this mechanism, HJ891 suppresses tumor cell proliferation driven by KRAS^{G12C}–mediated oncogenic signaling.

The diagram below illustrates the mechanism of action of HJ891:



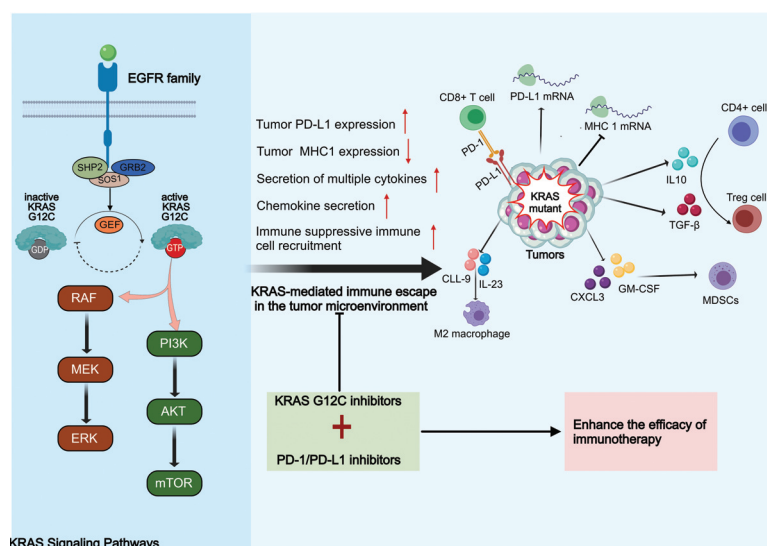
Source: *Journal of Experimental & Clinical Cancer Research, CIC*

BUSINESS

Combination therapy

Tumors with KRAS mutations promote the upregulation of PD-L1 expression. Elevated PD-L1 expression on tumour cells can bind to PD-1 receptors on T cells, thereby attenuating T-cell activity and facilitating immune evasion. Tumors with KRAS mutations also lead to downregulation of major histocompatibility complex class I (MHC-I) expression. MHC-I presents tumor-associated antigens to CD8+ T-cells, thereby activating the adaptive immune response. Reduced MHC-I expression diminishes CD8 T-cell recognition and cytotoxic activity, resulting in immune evasion. KRAS mutations also enhance the secretion of various cytokines and chemokines, such as interleukin-10 (IL-10), granulocyte-macrophage colony-stimulating factor (GM-CSF) and CCL-9, thereby recruiting immunosuppressive immune cells to mediate immune escape in the tumor microenvironment. Therefore, targeting the KRAS signaling pathway can mitigate these immune-evasion mechanisms and restore immune function in the tumor microenvironment. KRAS inhibitors can enhance the ability of antigen-presenting cells to take up tumor antigens, improve the ability of T cells to kill tumors, and increase responsiveness to interferons, thereby reshaping the tumor microenvironment. Consequently, combining KRAS^{G12C} inhibitors with anti-PD-1 therapy is a more effective treatment for tumors.

The diagram below illustrates the mechanism of action of HJ891 in combination with toripalimab:



Market Opportunity and Competition

NSCLC is any type of epithelial lung cancer other than SCLC, accounting for 85% of lung cancer. The global incidence of NSCLC increased from 1,922.2 thousand cases in 2020 to 2,208.5 thousand cases in 2024 and is estimated to reach 2,452.9 thousand cases by 2028, according to CIC. In China, NSCLC incidence increased from 830.1 thousand cases in 2020 to 973.2 thousand cases in 2024, and is estimated to reach 1,110.2 thousand cases by 2028, according to CIC. KRAS-mutant NSCLC (KRAS+) accounted for 100.2 thousand (about 10.3%) cases in China, and 468.2 thousand KRAS+ cases (about 21.2%) globally. Among them, KRAS^{G12C} is the most common, accounting for approximately 40% of KRAS-mutated NSCLC cases. In 2024, the global incidence of NSCLC cases with KRAS^{G12C} mutation was 199.0 thousand while in China, it was 43.4 thousand.

Treatment strategies for KRAS^{G12C} mutation NSCLC vary depending on factors such as the patient's overall health, disease stage and specific treatment preferences. For Chinese patients opting for first-line chemotherapy, the ORR ranges from 25.5% to 26.5% and for those choosing immunotherapy, the ORR ranges from 11.1% to 40.9%, according to CIC. These figures highlight the limitations of current treatment methods. As no targeted KRAS^{G12C} inhibitor has yet been established as the standard of care in the first-line treatment setting—particularly for patients without high PD-L1 expression or actionable

BUSINESS

co-mutations. Moreover, the clinical benefit of existing KRAS^{G12C} inhibitors is often limited by the emergence of resistance mechanisms, including secondary KRAS mutations that hinder drug binding, activation of alternative oncogenic pathways such as EGFR, MET, or PI3K that bypass KRAS inhibition, and histologic transformation. Direct inhibition of KRAS oncoprotein has been a long-standing objective in precision medicine. Efforts to target RAS began in the 1980s, following the discovery of activating mutations in human cancer cells and the identification of RAS oncogenes in transforming viruses. The discovery of inhibitors that selectively target KRAS^{G12C} marked a significant advance in this quest. The global NSCLC KRAS^{G12C} targeted drugs market is expected to increase from US\$476.0 million in 2024 to US\$1,207.9 million by 2028, while in China, the market is expected to increase from US\$1.9 million in 2024 to US\$100.2 million in 2028.

As of the Latest Practicable Date, there were two oral KRAS^{G12C} inhibitors approved by the FDA, being sotorasib and adagrasib. The NMPA in China has approved the KRAS^{G12C} inhibitors fulzerasib, garsorasib, glecirasib, and sosimerasib for the treatment of patients with NSCLC harboring a KRAS^{G12C} mutation who have received at least one prior line of PD-1 therapy combined with chemotherapy, with or without bevacizumab, or targeted therapy. As of the Latest Practicable Date, there were 14 KRAS^{G12C} candidates that are in process of Phase II clinical trials and beyond in China. While the development of KRAS^{G12C} inhibitors represents a significant breakthrough in targeted cancer therapy, their use as a first-line treatment remains under active investigation. Several KRAS^{G12C} inhibitors have been approved for second-line and later-line use; however, safety concerns have posed considerable challenges to advancing these agents into the first-line treatment setting. As of the Latest Practicable Date, 4 KRAS^{G12C} inhibitors had been approved in China. Apart from KRAS^{G12C} inhibitors, including HJ891, the alternative treatment of NSCLC includes immunotherapy and chemotherapy, with a targeting patient population for second-line NSCLC reaching 27.8 thousand in China in 2024. See “Industry Overview—Overview of RAS and KRAS as Therapeutic Targets” in this document for details.

In the treatment of advanced NSCLC, existing therapeutic options each present inherent limitations. Conventional chemotherapy regimens, such as docetaxel monotherapy or in combination, are associated with relatively low ORR (approximately 12%–18%), a short median PFS of around three months, and non-specific cytotoxicity, leading to hematologic toxicities including neutropenia, anemia and leukopenia. Immunotherapy with PD-1 inhibitors has demonstrated clinical benefit primarily in patients with higher PD-L1 expression; however, ORRs remain modest in broader patient populations and treatment is accompanied by immune-related AEs, with limited efficacy observed in patients with low PD-L1 expression.

Targeted KRAS inhibitors approved or under development for second-line treatment have reported ORR of approximately 47%–52% and a median PFS of approximately 8–9 months. Nevertheless, these therapies are generally associated with relatively high incidences of Grade 3 or higher treatment-related AEs (approximately 38%–50%) and the emergence of acquired resistance, which may limit long-term tolerability and durability of response.

Against this competitive backdrop, HJ891 has demonstrated a differentiated clinical profile. As monotherapy in the second-line setting, HJ891 achieved an ORR of 47.2% and a DCR of 100%, along with a comparatively favorable safety profile, with Grade 3 or higher treatment-related AEs reported in 13.5% of patients. In the first-line setting, HJ891 in combination with toripalimab achieved an ORR of up to 92.3% in patients with PD-L1 TPS of 50% or higher. While the incidence of Grade 3 or higher treatment-related AEs was higher in the combination setting, the observed efficacy suggests potential synergistic benefits. These results support the potential of HJ891 to offer a favorable balance of efficacy and tolerability in NSCLC, while further studies are ongoing to validate its clinical benefit across broader patient populations and additional tumor types.

HJ891 will compete with approved KRAS^{G12C} inhibitors and clinical-stage programs developed by major global pharmaceutical and biotechnology companies. HJ891 has demonstrated a differentiated safety profile compared to approved KRAS^{G12C} inhibitors in clinical trials to date, with a lower incidence of high-grade treatment-related AEs while maintaining comparable efficacy. For patients with advanced cancer, quality of life is a critical consideration alongside survival outcomes, and HJ891’s favorable tolerability profile may enable patients to achieve both extended survival and improved quality of life

BUSINESS

during treatment. Additionally, HJ891 has a lower dosing requirement compared to approved KRAS^{G12C} inhibitors, which may provide potential advantages in manufacturing efficiency and treatment economics. Our development strategy focuses on demonstrating this differentiated safety and tolerability profile to support competitive positioning in the KRAS inhibitor market.

Competitive Advantages

- *One of the few KRAS^{G12C} inhibitors being developed for first-line treatment in combination with immunotherapy as of the Latest Practicable Date.* The combination of precision therapy and immunotherapy is considered an optimal treatment approach—targeted therapies provide rapid and specific tumor inhibition, while immunotherapies offer durable clinical responses despite a slower onset of action. However, the development of KRAS^{G12C} inhibitors in first-line settings, particularly in combination with PD-1 inhibitors, has been constrained by safety concerns, most notably liver toxicity associated with monotherapy. HJ891 has demonstrated potent kinase inhibition and cellular activity, with a favorable tissue distribution profile predominantly in the lungs. In ongoing clinical trials evaluating HJ891 in combination with PD-1, the regimen has shown a favorable safety and tolerability profile, supporting its potential for use in first-line treatment of KRAS^{G12C}-mutant NSCLC. HJ891 demonstrates a superior safety profile compared to currently approved KRAS^{G12C} inhibitors, with grade 3 or above TRAE incidence of only 13.5%—significantly lower than those of comparator drugs. Common AEs seen with approved therapies were absent or less frequent with HJ891.
- *Favorable lung-targeted PK enabling improved safety and efficacy.* Preclinical studies in tumor-bearing mice demonstrated that lung exposure levels of HJ891 were higher than those in the liver and kidney. This lung-targeted PK reduces exposure to the liver and kidneys, which minimizes liver toxicity and allows for lower dosing.

Compared to sotorasib, HJ891 demonstrated greater enzymatic activity and stronger three-dimensional cell proliferation inhibition. The Ames, chromosome aberration and micronucleus tests showed that HJ891 carries no genotoxicity risk. In contrast, sotorasib tested positive for chromosome aberration *in vitro*.

P-glycoprotein (P-gp), a member of the ATP-binding cassette transporter family, plays a significant role in causing multi-drug resistance in tumor cells. Unlike sotorasib which is a substrate of P-gp, HJ891 is not affected by this transporter. This suggests that HJ891 may have a potential advantage in overcoming drug resistance. HJ891 also showed good safety when combined with immunotherapy, making it a promising candidate for first-line treatment.

- *Meaningful efficacy.* In our Phase I/IIa clinical trial, HJ891 achieved a confirmed ORR of 47.2% in patients who underwent at least one efficacy assessment, demonstrating its efficacy in treating KRAS^{G12C}-mutant NSCLC patients. In our Phase Ib/III clinical trial, where HJ891 was combined with toripalimab, it showed good efficacy and acceptable safety in patients with KRAS^{G12C}-mutated non-squamous NSCLC. In the HJ891 640 mg QD combined with toripalimab 240 mg Q3W dose group, the ORR was 77.8%, and among patients with a PD-L1 tumor proportion score (TPS) of 50% or higher, the ORR reached 92.3%. In treatment-naïve patients with KRAS^{G12C}-mutated NSCLC, adagrasib 400 mg BID combined with pembrolizumab 200 mg Q3W achieved an ORR of 44.3%, with an ORR of 59.3% in patients with a PD-L1 TPS of 50% or higher. In the same patient population, olomorasib 50 mg or 100 mg BID combined with pembrolizumab demonstrated an ORR of 70%, reaching 82% among patients with PD-L1 TPS of 50% or higher. These results suggest that HJ891 may offer improved efficacy for patients with high PD-L1 expression.
- *Good safety profile.* HJ891 has demonstrated a good safety profile in clinical trials. In the Phase I/IIa clinical trial of HJ891 as monotherapy, the incidence of grade 3 or higher TRAEs was 13.5%, significantly lower than those reported for approved products: sotorasib (33%), adagrasib (44.8%), fulzerasib (41.4%), garsorasib (50%), glecirasib (38.7%), and sosimerasib (40.0%). In the Phase Ib/III clinical trial, the combination of HJ891 and toripalimab showed an acceptable safety profile, with grade 3 or higher TRAEs occurring in 43.2% of patients.

BUSINESS

Drug	Sotorasib	Adagrasib	Fulzerasib	Garsorasib	Glecirasib	Sosimerasib
TRAE ≥ Grade 3	33%	44.8%	41.4%	50%	38.7%	40.0%
TRAE leading to treatment interruption	36%	61.2%	37.9%	42%	37.8%	24.1%
TRAE leading to dose reduction	15%	51.7%	20.7%	30%	18.5%	10.3%
TRAE leading to treatment discontinuation	10%	6.9%	7.8%	0%	5%	2.1%
TRAEs leading to death . .	1%	1.7%	2.6%	1.6%	0%	0%

Common AEs observed with these marketed drugs were either absent or infrequent in patients treated with HJ891. Among those receiving HJ891, the incidence of TRAEs at 10% or higher included hypercholesterolemia, diarrhea, anemia, elevated AST, ALT, γ -GT, and creatinine, as well as vomiting, nausea, and upper abdominal pain. No TRAEs led to dose reduction or treatment discontinuation, and no treatment-related deaths were observed.

Summary of Clinical Trials

Monotherapy

We commenced a single-arm pivotal Phase IIb clinical trial of HJ891 for the treatment of NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies in June 2023. The trial is currently ongoing.

Ongoing Pivotal Phase IIb Clinical Trial

Trial design. This is a multi-center, open-label single-arm clinical trial in patients with KRAS^{G12C} mutation NSCLC that has progressed following first-line standard therapies. The primary objective of the trial is to evaluate the antitumor efficacy of HJ891 in patients with KRAS^{G12C} mutated NSCLC who have previously received first-line standard therapy. The secondary objectives are to assess the safety and tolerability of HJ891 in these patients, as well as to characterize the long-term PK profile of HJ891 in KRAS^{G12C} mutated NSCLC patients. The sample size was determined through consultation and agreement with the CDE.

Trial status. The Phase IIb trial was initialed in June 2023 and is currently ongoing.

Phase I/IIa Clinical Trial

Trial design. This is an open-label, single-arm Phase I/IIa clinical trial to evaluate the safety, tolerability, PK, and preliminary anti-tumor activity of HJ891 in patients with advanced solid tumors. The study consists of two sequential components: a dose-escalation Phase I and a dose-expansion Phase IIa.

The study enrolled patients with advanced solid tumors. According to the Technical Guidelines for Clinical Trials of Antitumor Drugs, “since cytotoxic antitumor drugs are associated with significant toxicity, first-in-human studies should generally be conducted in cancer patients rather than healthy volunteers,” and “in early exploratory clinical studies, multiple tumor types should be included based on preclinical findings to obtain preliminary results on tumor-type sensitivity.” As HJ891 was approved for the treatment of solid tumors, this study enrolled patients with advanced solid tumors in accordance with the relevant regulatory guidelines.

The dose-escalation phase is designed to identify the maximum tolerated dose (MTD) and to evaluate the safety, tolerability, PK profile, and preliminary efficacy of HJ891, administered orally once daily (QD). A traditional 3+3 dose-escalation design will be utilized, with 3 to 6 subjects per dose levels ranging from 320 mg to 1,280 mg. The dose expansion phase was designed as follows: once a dose level was deemed safe and showed preliminary efficacy, additional patients enrolled this dose to further evaluate

BUSINESS

safety, PK, and efficacy. Patients received HJ891 in continuous 21-day cycles, with efficacy assessed every 2 cycles. Based on emerging PK and safety data from the QD cohorts, the sponsor and investigators may jointly consider evaluating a twice-daily (BID) dosing regimen in subsequent cohorts.

Following identification of the MTD, recommended Phase 2 dose (RP2D), or another pharmacologically and clinically appropriate dose level, the trial will transition into the dose-expansion phase. This dose-expansion Phase IIa phase is intended to further characterize the safety, PK profile, and preliminary efficacy of HJ891 at the selected dose in specific tumor types or patient populations, each tumor-type cohort enrolled subjects based on the subsequent development plan for each indication. The trial period continued until disease progression, intolerable toxicity, or other withdrawal criteria were met.

The primary objective of the study is to evaluate the safety and tolerability profile of HJ891. Secondary objectives include characterization of the drug’s PK and preliminary anti-tumor efficacy.

Trial status. The Phase I portion commenced in October 2021, and was completed in July 2022, followed by the Phase IIa portion in May 2022, and the Phase IIa portion was completed in January 2023.

Safety results. In the dose-escalation phase, no dose-limiting toxicities (DLTs) were observed at any tested dose level, including 320 mg QD, 640 mg QD, 960 mg QD, 1280 mg QD, 480 mg BID, and 640 mg BID. Only one TRAE leading to dose reduction was reported in the 960 mg QD cohort. A single TRAE resulting in treatment discontinuation and study withdrawal occurred in the 480 mg BID cohort. No treatment-related deaths were reported across any dose level. Overall, HJ891 was well tolerated. In the dose-expansion phase, three dosage regimens were studied, 640 mg QD, 960 mg QD and 480 mg BID. The table below summarizes TEAEs observed across different dose cohorts:

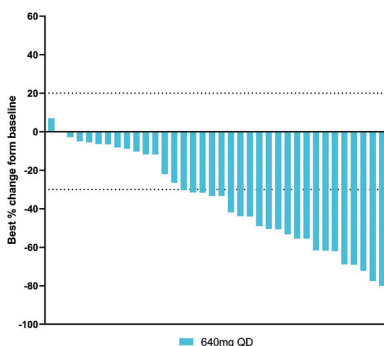
	640mg QD (N=37)	960mg QD (N=9)	480mg BID (N=23)
Grade ≥ 3 AEs related to the investigational product	13.5%	22.2%	26.1%
AEs related to the investigational product and resulting in dose interruption	5.13%	11.11%	8.70%
AEs related to the investigational product and resulting in dose reduction.	0	11.1%	0
AEs related to the investigational product and resulting in discontinuation of the drug	0	0	4.3%
AEs related to the investigational product and resulting in death	0	0	0

Among all dose cohorts, the 640 mg QD cohort exhibited the most favorable overall safety and tolerability profile and was identified as the RP2D.

Efficacy results. The 640 mg QD cohort demonstrated the most meaningful efficacy, achieving a confirmed ORR of 47.2% and a DCR of 100%. The 960 mg QD cohort yielded a confirmed ORR of 33.3% with a DCR of 88.9%, while the 480 mg twice-daily (BID) cohort showed a confirmed ORR of 43.5% and a DCR of 91.3%. These results suggest that 640 mg QD offers the optimal therapeutic window among the dose levels studied.

BUSINESS

Tumor burden change from baseline (KRAS^{G12C}-mutated NSCLC patients receiving HJ891 640 mg QD)



HJ891 also demonstrated rapid clinical activity. Improvements in patient-reported symptoms, including reduced cough, pain, and sputum production were observed, suggesting an enhanced quality of life. It showed activity in patients previously treated with EGFR inhibitors who had developed resistance, as well as in those with metastatic disease involving the brain, bone, lymph nodes, or adrenal glands. In the broader NSCLC study population, the 640 mg QD dose yielded a confirmed ORR of 47.2%.

Conclusion. HJ891 has shown promising safety and efficacy in patients with KRAS^{G12C}-mutated NSCLC. No dose-limiting toxicities were observed across all dose levels tested. The 640 mg QD dose demonstrated the best overall profile, with a confirmed ORR of 47.2% and a DCR of 100% in the targeted NSCLC population. HJ891 showed rapid onset of action and clinical benefits such as symptom relief and activity in patients with multiple metastatic lesions. The favorable safety profile of HJ891 supports its potential for combination with standard therapies across a range of solid tumors harboring KRAS^{G12C} mutations.

Combination Therapy

We commenced a Phase Ib/III clinical trial in combination with toripalimab for the treatment of non-squamous NSCLC with KRAS^{G12C} mutation as combination therapy in January 2024, which is expected to be completed in the first quarter of 2028.

Ongoing Phase Ib/III Clinical Trial

Trial design. As HJ891 monotherapy had completed a Phase I/IIa clinical trial that established its safety, PK profile, and preliminary efficacy, the Phase Ib/III clinical trial was subsequently designed with reference to international cases of targeted therapy in combination with immunotherapy. The Phase Ib trial includes both dose-escalation and dose-expansion parts to determine the recommended Phase III dose. Following communication with the CDE, the Phase III trial will commence based on the confirmed dosing regimen.

The sample size for the Phase Ib trial was designed based on the same rationale as the HJ891 monotherapy trial. The sample size for the Phase III will be statistically determined based on the Phase Ib results and finalized in consultation with the CDE. The Phase Ib clinical trial consists of a dose-escalation stage and a dose-expansion stage. In the dose-escalation stage, patients with advanced non-squamous NSCLC with KRAS^{G12C} mutation who had failed one or more prior standard therapies were enrolled. In the dose-expansion stage, treatment-naïve patients with advanced non-squamous NSCLC with KRAS^{G12C} mutation were enrolled. The objectives of the trial are to evaluate the safety, tolerability, recommended Phase III dose, preliminary efficacy, and pharmacokinetic profile of HJ891 in combination with toripalimab.

BUSINESS

The Phase III clinical trial enrolls treatment-naïve patients with advanced non-squamous NSCLC with KRAS^{G12C} mutation. Eligible patients are randomized on a 1:1 basis to receive either HJ891 in combination with toripalimab (Arm A) or toripalimab in combination with pemetrexed and platinum (cisplatin or carboplatin) (Arm B), to compare the efficacy and safety of the two regimens.

The Phase Ib clinical trial consists of a dose-escalation stage followed by a dose-expansion stage. The dose-escalation stage enrolls patients with advanced non-squamous NSCLC with KRAS^{G12C} mutations who have progressed following at least one first line or above standard treatment. The dose-expansion stage includes treatment-naïve patients with advanced non-squamous KRAS^{G12C} mutations NSCLC. The objectives of this phase are to evaluate the safety, tolerability, PK profile, preliminary anti-tumor activity, as well as to determine the recommended Phase III dose (RP3D) for the HJ891-toripalimab combination.

The Phase III trial is designed to further assess the efficacy and safety of the combination in the first-line setting. Eligible patients with advanced non-squamous KRAS^{G12C} mutations NSCLC will be randomized 1:1 to receive either (i) HJ891 in combination with toripalimab (Arm A), or (ii) toripalimab in combination with pemetrexed and platinum-based chemotherapy (cisplatin or carboplatin; Arm B). The study aims to compare the efficacy and safety between the two treatment regimens.

Trial status. As of the Latest Practicable Date, a total of 55 patients with advanced non-squamous NSCLC had been enrolled in the study.

Safety results. As of the Latest Practicable Date, HJ891 in combination with toripalimab had demonstrated a favorable safety and tolerability profile. The table below summarizes the safety profile of HJ891 320 mg QD dose and 640 mg QD dose in combination with toripalimab 240 mg Q3W:

	HJ891 (320mg, QD, po) + Tor (240mg, Q3W, iv)	HJ891 (640mg, QD, po) + Tor (240mg, Q3W, iv)
Grade ≥3 AEs related to the investigational product	43.8%	42.9%
TEAEs related to study treatment that result in dose reduction of HJ891	18.8%	25.0%
TEAEs related to study treatment that result in permanent discontinuation of HJ891	6.3%	3.6%

The table below summarizes the most common TRAEs (incidence ≥10%) observed:

TRAE	HJ891 (320mg, QD, po) + Tor (240mg, Q3W, iv) (N=16)		HJ891 (640mg, QD, po) + Tor (240mg, Q3W, iv) (N=28)		Total (N=44)	
	Grade ≥3	Total	Grade ≥3	Total	Grade ≥3	Total
Aspartate aminotransferase elevation	1 (6.3%)	6 (37.5%)	2 (7.1%)	10 (35.7%)	3 (6.8%)	16 (36.4%)
Alanine aminotransferase elevation	2 (12.5%)	5 (31.3%)	1 (3.6%)	10 (35.7%)	3 (6.8%)	15 (34.1%)
Diarrhea	2 (12.5%)	7 (43.8%)	0	7 (25.0%)	2 (4.5%)	14 (31.8%)
γ-glutamyl transferase elevation	2 (12.5%)	5 (31.3%)	2 (7.1%)	6 (21.4%)	4 (9.1%)	11 (25.0%)
Anemia	0	5 (31.3%)	0	5 (17.9%)	0	10 (22.7%)
Hypercholesterolemia	1 (6.3%)	5 (31.3%)	1 (3.6%)	4 (14.3%)	2 (4.5%)	9 (20.5%)
Hypertriglyceridemia	0	4 (25.0%)	1 (3.6%)	3 (10.7%)	1 (2.3%)	7 (15.9%)

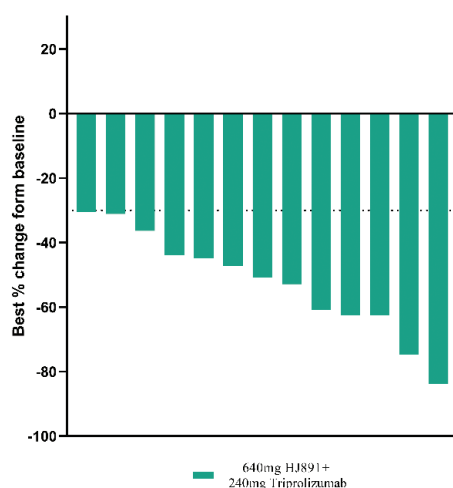
BUSINESS

TRAE	HJ891 (320mg, QD, po) + Tor (240mg, Q3W, iv) (N=16)		HJ891 (640mg, QD, po) + Tor (240mg, Q3W, iv) (N=28)		Total (N=44)	
	Grade ≥3	Total	Grade ≥3	Total	Grade ≥3	Total
Serum alkaline phosphatase elevation .	0	4 (25.0%)	1 (3.6%)	3 (10.7%)	1 (2.3%)	7 (15.9%)
Hyperthyroidism	0	1 (6.3%)	0	8 (28.6%)	0	9 (20.5%)
Hypothyroidism	1 (6.3%)	4 (25.0%)	0	4 (14.3%)	1 (2.3%)	8 (18.2%)
Serum bilirubin elevation	0	1 (6.3%)	2 (7.1%)	5 (17.9%)	2 (4.5%)	6 (13.6%)
Hypoalbuminemia	0	1 (6.3%)	0	5 (17.9%)	0	6 (13.6%)
Hypokalemia	1 (6.3%)	1 (6.3%)	1 (3.6%)	5 (17.9%)	2 (4.5%)	6 (13.6%)
Hypocalcemia	0	1 (6.3%)	0	3 (10.7%)	0	4 (9.1%)
Hyperlipidemia	0	1 (6.3%)	0	4 (14.3%)	0	5 (11.4%)
Weight loss	0	4 (25.0%)	0	1 (3.6%)	0	5 (11.4%)

Efficacy results. In the cohort receiving HJ891 (320 mg, QD, po) in combination with toripalimab (240 mg, Q3W, iv), the ORR was 56.3%, and DCR was 100%. In the HJ891 (640 mg, QD, po) plus toripalimab (240 mg, Q3W, iv) cohort, the ORR improved to 77.8%, with a DCR of 96.3%. Among patients with a PD-L1 tumor proportion score (TPS) of 50% or higher, the ORR of HJ891 (640mg, QD, po) plus toripalimab (240 mg, Q3W, iv) cohort further increased to 92.3%. These data demonstrate that HJ891, when combined with toripalimab, exhibits strong antitumor activity in advanced non-squamous NSCLC, with the 640 mg QD dose of HJ891 yielding the most favorable efficacy outcomes.

The waterfall plot below illustrates the best percentage change in target lesion size from baseline in patients with PD-L1 TPS of 50% or higher who were treated with HJ891 (640 mg, QD, po) in combination with toripalimab (240 mg, Q3W, iv).

Tumor burden change from baseline (KRAS^{G12C}-mutated Non-squamous NSCLC patients receiving HJ891 640mg QD + Toripalimab 240mg Q3W)



Conclusion. In combination with toripalimab, HJ891 has demonstrated encouraging antitumor activity and an acceptable safety profile in patients with advanced non-squamous NSCLC with KRAS^{G12C} mutations. In patients with PD-L1 TPS of 50% or higher, the combination therapy yielded an ORR of 92.3%, indicating enhanced efficacy in this biomarker-defined subgroup.

These findings suggest that the combination of HJ891 and toripalimab may offer superior clinical benefit, particularly for patients with high PD-L1 expression.

BUSINESS

Summary of Preclinical Studies

We conducted a series of preclinical studies in order to characterize the pharmacodynamics (PD), PK and toxicology profile of HJ891. In NCI H358, MIA PaCa-2, NCI H358 3D and MIA PaCa-2 3D cell lines, HJ891 demonstrated greater antiproliferative activity than sotorasib.

Additionally, HJ891 exhibits a unique pharmacokinetic distribution profile, with preferential accumulation in pulmonary tissue. In a tissue distribution study conducted in tumor-bearing Balb/c-nu mice following oral administration, HJ891 exposure in the lung was significantly higher than in the liver and kidneys. Notably, lung tissue concentrations also exceeded plasma levels, indicating targeted pulmonary distribution.

Material Communications With Competent Authorities

Monotherapy

We received an IND approval from the NMPA to initiate clinical trials for the treatment of solid tumors in April 2021. We initiated a Phase I/IIa clinical trial in October 2021. Specifically, the Phase I portion commenced in October 2021, and was completed in July 2022, followed by the Phase IIa portion in May 2022, and the Phase IIa portion was completed in January 2023. Based on confirmation from the NMPA, the Phase I/IIa clinical trial of HJ891 as monotherapy has been completed in full. We consulted with CDE in January 2023 for on (a) the feasibility of pursuing conditional approval for HJ891 as a monotherapy for NSCLC with KRAS^{G12C} mutation that has progressed following first-line standard therapies based on a single-arm Phase IIb study following Phase I/IIa results, and the CDE indicated this is feasible, (b) using ORR as the primary endpoint for the pivotal Phase IIb trial, and the CDE agreed, and (c) the sample size for the Phase IIb trial, and the Company and the CDE reached consensus. We received their approval in April 2023 confirming the feasibility of adopting a single-arm study design in patients with advanced NSCLC with KRAS^{G12C} mutations who have previously received at least one systemic therapy, for the purpose of supporting the conditional approval and marketing of HJ891 as monotherapy. We expect to complete the trial in May 2026 and submit an NDA of HJ891 as monotherapy thereafter.

Combination Therapy

We received an IND approval from the NMPA to initiate clinical trial of HJ891 in combination with toripalimab for the treatment of non-squamous NSCLC with KRAS^{G12C} mutation as combination therapy as a first-line treatment in July 2023. We initiated a Phase Ib clinical trial in January 2024 and expect to complete the trial in June 2026 and plan to initiate the Phase III clinical trial after completing the Phase Ib clinical trial and consulting with the CDE.

As of the Latest Practicable Date, we had not received any relevant regulatory agency’s concerns or objections to the commencement of any of our clinical trials or our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals.

Next Steps

For HJ891 as monotherapy, we plan to submit an NDA to the NMPA in the second half of 2026. We expect the NMPA would require us to conduct a confirmatory Phase III trial within four years after granting the conditional approval. Under the draft revised Procedures for Review and Approval of Applications for Conditional Marketing Approval of Drugs (published July 8, 2025 by the NMPA), a sponsor must submit an application for conditional marketing approval along with all required supporting materials. When conditional approval is based on early phase clinical data, the sponsor must also provide evidence that the confirmatory study has been initiated (when the first subject signed informed consent form). Any required post-approval confirmatory studies will generally be completed within four years of conditional approval.

BUSINESS

For HJ891 as combination therapy with toripalimab, we plan to complete the Phase Ib in June 2026. The objectives of Phase Ib are to evaluate the safety, tolerability, PK profile, preliminary anti-tumor activity, as well as to determine the RP3D for the HJ891-toripalimab combination. The Phase Ib dose escalation and expansion stages are designed to generate the key safety, exposure, and activity data in both pretreated and treatment naive patients needed to support Phase III planning (dose selection, population, endpoints). The dose-escalation stage is designed to assess the safety, PK and efficacy of HJ891 combined with toripalimab in patients NSCLC, equivalent to a conventional Phase I trial. The dose-expansion stage evaluates multiple-dose levels in a larger NSCLC cohort to further assess efficacy and safety and to determine the RP3D, equivalent to a conventional Phase II study. Toripalimab is an approved drug, and the efficacy and safety of HJ891 as monotherapy have been adequately investigated in clinical trials. According to the protocol, the Phase Ib trial includes comprehensive efficacy monitoring for cancer patients, with each treatment cycle lasting 21 days and treatment continuing until disease progression or other termination criteria are met. We plan to initiate the Phase III clinical trial in the second half of 2026, with expected completion in the second half of 2029. We also plan to submit an IND application to the FDA in the second half of 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ891 SUCCESSFULLY.

Our Key Drug Candidate

HJ197

HJ197 is an inhibitor of fibroblast growth factor receptor 4 (FGFR4). We are developing HJ197 as a monotherapy for the treatment of hepatocellular carcinoma (HCC). The FGFR4 inhibitor exerts anti-tumor effects by blocking FGFR4 kinase activity and its downstream signaling pathways. Compared to fsgogatinib, the first FGFR4 inhibitor to enter clinical trials, HJ197 demonstrated a more favorable safety profile and improved efficacy. It also showed superior enzymatic inhibitory activity against FGFR4, enhanced efficacy in various *in vitro* cellular and *in vivo* animal models, and more favorable PK properties. HJ197 also exhibits a distinct tissue distribution advantage, with significantly high accumulation in the liver.

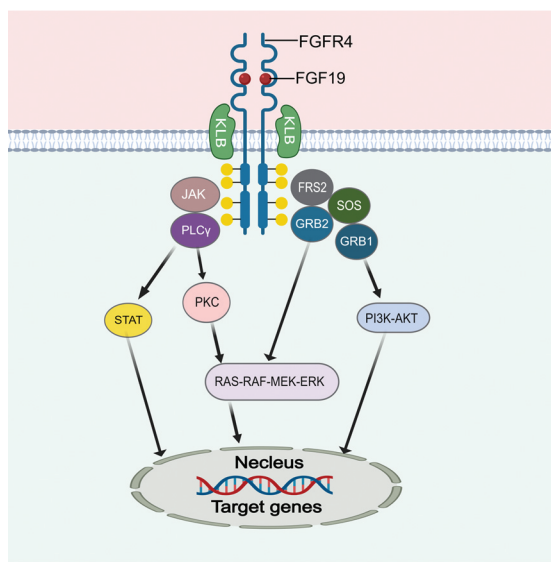
We received the IND approval from the NMPA in November 2018 for the treatment of HCC. We initiated a Phase I/IIa clinical study to evaluate the safety, tolerability, PK and antitumor activity of HJ197 capsule in patients with advanced HCC in June 2019. Specifically, the Phase I portion of the study commenced in June 2019 and was completed in October 2021. The Phase IIa portion commenced in July 2020 and was completed in October 2023. We received an approval from the NMPA for commencing a Phase III clinical trial to evaluate the safety and tolerability of HJ197 in patients with advanced HCC in August 2023 and plan to initiate this trial in July 2026.

In November 2020, our Company and our wholly owned subsidiary Shanghai Zheyue entered into the HJ197 Agreement with Junshi Biosciences with respect to the joint development and commercialization of HJ197 in the Collaboration Area. In June 2025, our Company, Shanghai Zheyue, Junshi Biosciences and Junze Chuangyao entered into the HJ197 Novation Agreement (together with the HJ197 Agreement, the “**HJ197 Agreements**”). Pursuant to the HJ197 Agreements, Junze Chuangyao has the option to pay 50% of the actual expenses incurred in Phase I, Phase II and Phase III clinical trials, thereby acquiring a 50% rights and interests in HJ197 in the Collaboration Area. See “—Collaborations” in this document for details.

BUSINESS

Mechanism of Action

The FGFR inhibitors target the FGF19 pathway in HCC by blocking the interaction between FGF19 and its receptor, FGFR. This inhibition prevents the activation of downstream signaling pathways, such as MAPK and PI3K/AKT, which are responsible for promoting tumor cell proliferation and survival. By disrupting these signals, FGFR inhibitors reduce tumor growth and may also alter the tumor microenvironment, leading to decreased angiogenesis and enhanced immune response. This therapeutic approach is particularly promising for HCC patients with elevated FGF19 levels, offering a potential strategy to improve clinical outcomes:



Market Opportunity and Competition

Liver cancer is the fourth leading cause of cancer-related deaths globally, with HCC making up 90% of all liver cancer cases, according to CIC. Key risk factors for HCC include hepatitis B and C infections, alcohol consumption and obesity. In China, the prevalence of HCC 50% of all global HCC cases. Despite the slight decreases in incidence of HCC in China mainly as a result of widespread hepatitis B virus (HBV) vaccination programs, the market size of targeted therapies increased from RMB5.1 billion in 2020 to RMB14.6 billion in 2024, and is expected to further increase to RMB19.8 billion in 2028.

Common treatments for liver cancer include surgery, transplantation, ablation, endovascular therapy, radiation, systemic therapy, and traditional Chinese medicine. Because liver cancer is highly malignant and progresses quickly, less than 30% of patients are eligible for curative treatments at diagnosis. Systemic therapy is crucial for intermediate to advanced liver cancer. New targeted drugs and immunotherapies have improved outcomes for advanced HCC. However, only a few patients benefit significantly, and many do not respond well. Combination therapies can extend survival but are mainly used initially, leaving further treatment options needed for later stages. Current therapies also have side effects like hypertension and immune reactions. Thus, precise treatment plans are essential to enhance survival and quality of life for advanced liver cancer patients. As the most promising target in the treatment for HCC, no FGFR4-selective inhibitor has been approved yet globally with several such drugs under clinical trials. Specifically, the market for FGFR4-targeted therapies is projected to grow at a CAGR of 54.5% from 2028 to 2032.

In advanced HCC, resistance to current treatments often limits long term survival; FGFR4 selective inhibitors may help overcome resistance and provide a more precise option to improve outcomes. Given the scarcity of effective targeted drugs, market penetration for FGFR4 inhibitors is expected to begin at about 4% and rise to roughly 20% by 2032.

BUSINESS

As of the Latest Practicable Date, no FGFR4 inhibitors had been approved in China. The current treatment of FGFR4 overexpressed HCC include chemotherapy, VEGFR inhibitors, and immunotherapy, with a targeting patient population of second-line HCC reaching 6.6 thousand in China in 2024. As of the Latest Practicable Date, there were three FGFR4-selective inhibitors for the treatment of HCC, registered with the CDE in phase II or later development. See “Industry Overview—HCC—Competitive Landscape of innovative FGFR4-selective Inhibitors in China” in this document for details.

Our Advantages

- *Superior enzymatic inhibitory potency and selectivity.* HJ197 demonstrated superior enzymatic inhibitory potency and selectivity against FGFR4 compared to fisogatinib. HJ197 inhibits FGFR4 kinase activity with an IC₅₀ of less than 1 nM, which is more potent than fisogatinib (IC₅₀: 5 nM). HJ197 shows substantially weaker inhibition against FGFR1, FGFR2 and FGFR3, with IC₅₀ values approximately 1,500 fold higher than its FGFR4 IC₅₀, compared to approximately 120 to 440 fold for fisogatinib, indicating greater FGFR4 selectivity for HJ197. Broad kinase profiling across over 400 kinases showed that HJ197 had IC₅₀ values greater than 1,000 nM for all non-target kinases, indicating high selectivity and significantly reducing the risk of off-target safety concerns. The table below presents the IC₅₀ values of HJ197 and fisogatinib in inhibiting FGFR kinases, highlighting the superior potency and selectivity of HJ197 against FGFR4 compared to fisogatinib.

Kinase inhibitory activity assay, IC ₅₀	FGFR 4	Isoform Selectivity
HJ197	<1 nM	> 1500-fold
Fisogatinib.	5 nM	120~440-fold

- *Favorable tissue distribution profile.* In a study assessing tissue concentrations following oral administration in rats, HJ197 showed the highest exposure in the liver, approximately twice that of plasma, followed by adrenal glands and stomach, where the exposure levels were comparable to plasma. Exposure in other tissues, including the small intestine, lungs, and kidneys, was lower than in plasma. These results demonstrate that HJ197 is preferentially distributed to the liver, a key target organ in HCC, which may contribute to its improved efficacy and safety in clinical settings.
- *Improved efficacy.* In our Phase I/IIa clinical trial, HJ197 demonstrated significantly improved efficacy compared to fisogatinib. In the 300 mg/day dose cohort, HJ197 achieved an ORR of 30% in the target HCC population.
- *Favorable safety profile.* In a 7-day subacute toxicity study, HJ197 showed no apparent toxicity at doses up to 500 mg. In contrast, fisogatinib induced AEs such as diarrhea and body weight loss at 100 mg. HJ197 demonstrated an onset dose of 5 mg/kg, compared with 15 mg/kg for fisogatinib. These data suggest HJ197 has a broader therapeutic index, supporting its potential for safer and more effective dosing in clinical use.

In our Phase I/IIa clinical trial, HJ197 demonstrated a favorable safety profile compared to fisogatinib. At the RP2D of 300 mg/day—half the RP2D of fisogatinib (600 mg/day)—the incidence of TRAEs of grade 3 or higher was 27.6% for HJ197, lower than the 41% reported for fisogatinib. Overall, HJ197 offers improved safety at a lower therapeutic dose, supporting its potential as a best-in-class FGFR4 inhibitor.

Summary of Clinical Trials

Phase I/IIa Clinical Trial

We received the IND approval from the NMPA in November 2018 and initiated the Phase I/IIa clinical trial in June 2019 to evaluate the safety and tolerability of HJ197 in patients with advanced HCC.

BUSINESS

Trial design. This is an open-label, single-arm Phase I/IIa clinical study, consisting of two parts: a dose-escalation phase (Phase I) and a dose-expansion phase (Phase II). In the dose-escalation phase, HJ197 capsules will be administered orally twice daily (BID) at doses ranging from 80 to 400 mg/day following a standard 3+3 design. Based on PK and other study data, once-daily (QD) dosing may also be explored if deemed appropriate. All subjects in the dose-escalation phase will be evaluated for dose-limiting toxicities (DLTs). In the dose-expansion phase, a dose and dosing frequency (QD or BID) will be selected based on the safety, tolerability, and PK results from the dose-escalation phase. DLT assessments will not be performed during this phase.

The primary objective of the study is to evaluate the safety and tolerability of repeated oral administration of HJ197 capsules in patients with advanced HCC, and to determine the maximum tolerated dose (MTD) and the RP2D. The secondary objectives are to assess the PK profile of HJ197 in patients with advanced HCC and to evaluate its preliminary anti-tumor efficacy.

The Phase I portion evaluates the safety and pharmacokinetic profile of HJ197 in patients with HCC through a dose-escalation design, consistent with a conventional Phase I trial. The Phase IIa portion evaluates the efficacy and safety of HJ197 at the selected dose levels with the objective of determining the recommended dose for a subsequent Phase III clinical trial, and is conducted as an independent study consistent with a conventional Phase II trial design.

Trial status. The Phase I portion of the study commenced in June 2019 and was completed in October 2021. The Phase IIa portion commenced in July 2020 and was completed in October 2023.

Safety results. HJ197 demonstrated a favorable safety and tolerability profile in the Phase I/IIa clinical study. The trial included six dose-escalation cohorts (80, 120, 160, 200, 300, and 400 mg/day BID), followed by dose expansion at 120 mg/day and 300 mg/day. No DLTs were observed at doses up to 300 mg/day, while one DLT (elevated blood bilirubin) occurred in the 400 mg/day group. The incidence of grade 3 or higher TRAEs remained relatively low across dose groups, with 27.6% observed in the 300 mg/day group, which was selected as the RP2D.

At the RP2D, the most common TRAEs (occurring in 10% or more of patients) included diarrhea, elevated AST/ALT, hyperbilirubinemia, increased bile acids, proteinuria, thrombocytopenia, hypoalbuminemia, leukopenia, hyperuricemia, neutropenia, vomiting, abdominal distension, abnormal liver function, rash, and anemia. These events were generally manageable, and no TRAEs led to treatment discontinuation. Dose reductions due to TRAEs were infrequent, further supporting the drug’s favorable tolerability.

Efficacy results. In the 300 mg/day dose cohort of the target population, HJ197 demonstrated an objective response rate (ORR) of 30% in the target HCC population.

HJ197 showed clinical efficacy across various subtypes of HCC, including patients with underlying hepatitis B, hepatitis C, fatty liver disease, and cirrhosis. Given that hepatitis B is the predominant cause of liver cancer in China, while hepatitis C and non-viral factors (e.g., alcohol use and obesity) are more common in Western countries, the drug’s broad activity is notable. In the clinical trial, one HCC patient with hepatitis C infection achieved a PFS of 21.8 months. Among participants with comorbid fatty liver and cirrhosis, one patient achieved a PFS of 31.5 months and a duration of response (DOR) of 21.0 months.

PK. In this trial, HJ197 was quickly absorbed with AUC and C_{max} showing a generally increasing trend with increasing doses.

PD. In this trial, after administration of HJ197, a significant increase in serum FGF19 levels was observed in subjects, indicating that HJ197 effectively inhibits the FGF19/FGFR4 signaling pathway.

BUSINESS

Conclusion. HJ197 demonstrated a manageable safety profile and antitumor activity. At the RP2D of 300 mg/day (BID), treatment led to increases in plasma FGF19 and bile acids and decreases in cholesterol, indicating effective inhibition of the FGF19/FGFR4 pathway. In the target patient population, HJ197 achieved an ORR of 30%, suggesting potential clinical benefit for patients with FGFR4-driven HCC.

Material Communications with Competent Authorities

We received the IND approval from the NMPA in November 2018 for the treatment of HCC.

We consulted with CDE in May 2023 and received their approval in August 2023 for commencing a pivotal registration study in patients with advanced HCC exhibiting high FGFR19 expression who have previously undergone at least two lines of standard therapy. The study is designed as a randomized, controlled clinical trial to evaluate the efficacy and safety of HJ197 in combination with best supportive care (BSC) compared to placebo in combination with BSC.

We received an approval from the NMPA in August 2023 for commencing Phase III clinical trial.

As of the Latest Practicable Date, we had not received any relevant regulatory agency’s concerns or objections to the commencement of any of our clinical trials or our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

Next Steps

We plan to initiate a Phase III clinical trial in patients with HCC in July 2026 and expect to complete such trial in the second half of 2029. We also plan to submit an IND application for solid tumors to the NMPA in the first half of 2027.

Although regulatory approval was obtained in August 2023, the Phase III trial is scheduled to commence in July 2026. The extended preparatory period reflects the complexity of conducting trials in advanced HCC patients who have received two or more prior therapies. Such patients typically have poor physical condition and reduced quality of life, requiring comprehensive evaluation and selection of trial sites and principal investigators to ensure optimal supportive care and medical management. During this period, we have also evaluated HJ197’s safety and preliminary efficacy in other solid tumors to assess potential indication expansion and inform our clinical development strategy. We consider this preparatory work necessary to ensure our Phase III trial quality.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ197 SUCCESSFULLY.

Our Preclinical Drug Candidates

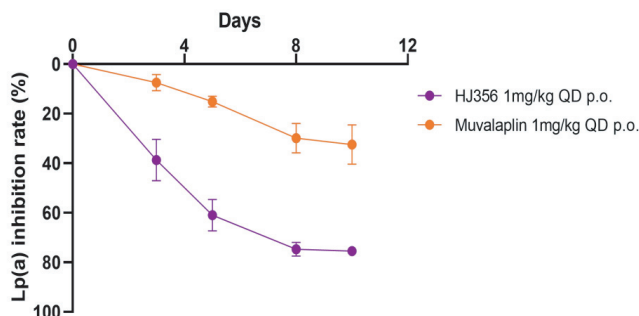
HJ356

HJ356 is an Lp(a) inhibitor designed to treat patients with high Lp(a) to reduce the risk of cardiovascular disease and atherosclerosis. Lp(a), a lipoprotein particle formed by the interaction of LDL particles with apolipoprotein(a) (apo(a)), is an independent cardiovascular risk factor. HJ356 is designed to disrupt the initial non-covalent interaction between apo(a) and apolipoprotein B100, thereby preventing the formation of disulfide bonds and Lp(a) and reducing the level of Lp(a). The structure of HJ356 has been optimized to strengthen target binding affinity.

Elevated lipoprotein (a) (Lp (a)) represents the most prevalent genetic lipid disorder, typically defined as plasma levels exceeding 50 mg/dL or 125 nmol/L, and affects over 1.4 billion individuals worldwide. Affecting roughly 20% of the global population, elevated Lp (a) is a key driver of residual cardiovascular risk.

BUSINESS

Percentage change from baseline in Lp(a) levels in cynomolgus monkeys



In cynomolgus monkey studies, HJ356 (1 mg/kg, QD, p.o.) demonstrated significantly greater reduction in Lp(a) levels compared to Muvalaplin (1 mg/kg, QD, p.o.) following 10 consecutive days of oral administration. HJ356 also demonstrated good safety. In a long-term toxicity study in rats and cynomolgus monkeys, oral administration of HJ356 at 1000 mg/kg for 28 days resulted in continuous body weight gain with no observed related adverse reactions. HJ356 has demonstrated a favorable safety profile in preclinical studies. We plan to submit an IND application to the NMPA and the FDA in the second half of 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ356 SUCCESSFULLY.

HJ093

HJ093 is a novel SMDC consisting of a small molecule conjugation arm and a payload that targets the RAS/MAPK signaling pathway. We plan to submit an IND application to the NMPA in the second half of 2026.

HJ093 exhibited superior tumor growth inhibition relative to RMC-6236 in the NCI-H358 KRAS^{G12C}-mutant NSCLC xenograft model, also demonstrated greater efficacy than the dabrafenib plus trametinib combination in the A375 BRAF V600E-mutant melanoma xenograft model.

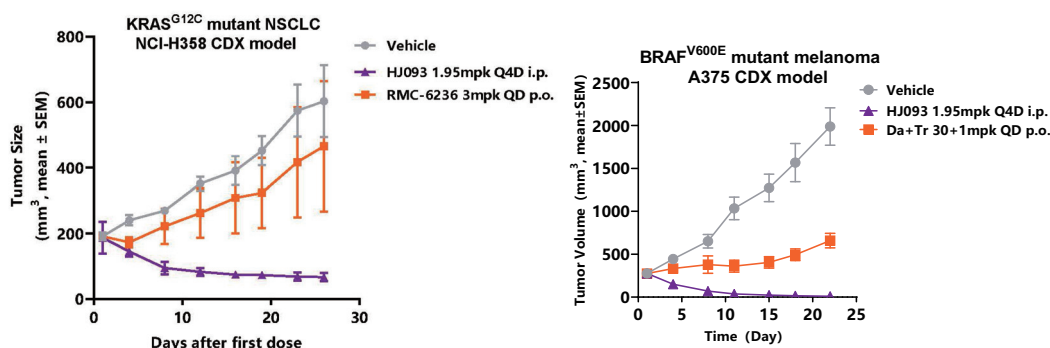


Fig. Antitumor activity of HJ093 in (a) NCI-H358 (KRAS G12C-mutant NSCLC) and (b) A375 (BRAF V600E-mutant melanoma) xenograft models

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ093 SUCCESSFULLY.

BUSINESS

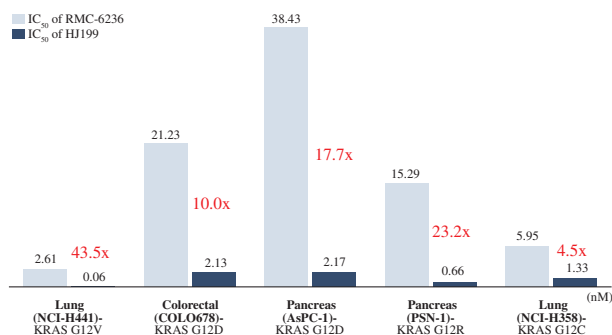
HJ199

HJ199 is an oral inhibitor that acts on RAS in its active (“ON”) state. RAS is one of the most frequently mutated oncogenes in human cancers, commonly found in lung, pancreatic, and colorectal malignancies. In China alone, an estimated 1.5 million new cancer cases each year involve RAS mutations. KRAS is the most commonly mutated RAS isoform, accounting for approximately 86% of RAS mutant cancers. Among KRAS variants, G12D, G12V, and G12C are the most prevalent, at roughly 29%, 23%, and 15%, respectively.

HJ199 exhibits 13-20 fold higher binding affinity for tri-complex formation with KRAS^{G12C}, KRAS^{G12V} and KRAS^{G12D} proteins compared to RMC-6236.

	Target	HJ-199 K _d (nM)	RMC-6236 K _d (nM)
Tri-Complex	KRAS ^{G12C} -GMPPNP	2.64	34.72
	KRAS ^{G12V} -GMPPNP	3.57	72.64
	KRAS ^{G12D} -GMPPNP	27.66	383.83

HJ199 shows potent, nanomolar antiproliferative activity across multiple RAS mutant tumor cell lines and demonstrates significant tumor growth inhibition *in vivo* in xenograft models. We are currently conducting preclinical studies of HJ199. HJ199 demonstrates markedly improved anti-proliferative potency over RMC-6236, with robust inhibitory activity against multiple RAS-mutant tumor cell lines.



WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ199 SUCCESSFULLY.

HJ198

HJ198 is a potent, oral molecular glue inhibitor targeting KRAS^{G12V} variants. KRAS^{G12V} is among the most frequent RAS hotspot mutation categories. We are currently conducting preclinical studies of HJ198.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ198 SUCCESSFULLY.

HJ086

HJ086 is an oral small molecule inhibitor of interleukin-2-inducible T-cell kinase (ITK) for the treatment of autoimmune diseases such as AD. ITK belongs to the Tec family of tyrosine kinases and is predominantly expressed in T cells, where it plays a critical role in T cell receptor (TCR) signaling. ITK is involved in key processes including T cell development and Th2, Th9, and Th17 immune responses, thereby regulating the expression of pro-inflammatory cytokines that contribute to autoimmune disease pathology.

BUSINESS

In preclinical studies, HJ086 demonstrated superior inhibitory activity against ITK compared to soquelitinib, with improved selectivity over related kinases BTK (Bruton’s tyrosine kinase) and TXK (Txk tyrosine kinase).

	IC50 (nM)	Selectivity (fold)	
	ITK	BTK	TXK
HJ086	0.4	2207	723
Soquelitinib	2.0	624	156

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HJ086 SUCCESSFULLY.

COLLABORATIONS

Collaboration With Respect to HJ197

HJ197 Agreement

In November 2020, our Company and our wholly owned subsidiary Shanghai Zheyue entered into a technology license and collaboration agreement (the “**HJ197 Agreement**”) with Shanghai Junshi Biosciences Co., Ltd. (“**Junshi Biosciences**”) with respect to the joint development and commercialization of HJ197 in all Asian countries and regions (the “**Collaboration Area**”).

On June 18, 2025, our Company, Shanghai Zheyue, Junshi Biosciences and Shanghai Junze Chuangyao Biotechnology Company Limited, an associate of Junshi Biosciences (“**Junze Chuangyao**”) entered into a four-party agreement (the “**HJ197 Novation Agreement**”) to novate the rights and obligations under the HJ197 Agreement. Pursuant to the HJ197 Novation Agreement, the parties agree that all rights and obligations of Junshi Biosciences are transferred to Junze Chuangyao on the date of the HJ197 Novation Agreement. Junze Chuangyao is owned 45% by Mr. Ni Shuaijian, 35% by Shanghai JunTop Biosciences Co., Ltd. (“**JunTop Biosciences**”), and 20% by Mr. Zhou Shuping. To the best knowledge of our Directors, JunTop Biosciences is controlled by Junshi Biosciences. Mr. Ni Shuaijian and Mr. Zhou Shuping are independent third parties.

For clarity and convenience, the key terms of the HJ197 Agreement (as novated) and the HJ197 Novation Agreement (together, the “**HJ197 Agreements**”) are summarized together below and are not set out separately. In this consolidated summary, references to Junshi Biosciences will be replaced directly with Junze Chuangyao, reflecting the transfer of all rights and obligations as of June 18, 2025, under the HJ197 Novation Agreement.

- Scope of Collaboration. The parties agree to conduct joint development and commercialization of HJ197 in the Collaboration Area. Both our Company and Junze Chuangyao shall each hold 50% of the rights and interests in HJ197 in the Collaboration Area. Shanghai Zheyue shall hold no rights and interests in HJ197 in the Collaboration Area. Junze Chuangyao shall also have priority right to negotiate with respect to the development and commercialization of HJ197 outside the Collaboration Area.
- Covered Patents and the License Scope. Shanghai Zheyue exclusively licenses its right under one patent application to our Company and Junze Chuangyao, and our Company exclusively licenses its right under two patent applications to Junze Chuangyao in the Collaboration Area. All three patent applications relate exclusively to HJ197. Junze Chuangyao shall also have sub-licensing rights of such patents. The parties further agree that our Company and Junze Chuangyao shall co-own on a 50:50 basis any intellectual property rights associated with HJ197 in the Collaboration Area (including those developed before or after the date of the HJ197 Agreement by us), including any licensing rights. Expenses incurred in any subsequent intellectual property application and maintenance associated with HJ197 in the Collaboration Area will also be borne 50:50 by our Company and Junze Chuangyao. If a party decides to

BUSINESS

assign its interests in any new intellectual property derived from the collaboration to a third party, the other party shall have priority for transfer. If a party decides to out-license any new intellectual property derived from the collaboration to a third party, the other party shall be entitled to 50% of any fees received from such out-licensing. Our Company will retain sole ownership of any intellectual property rights in HJ197 outside the Collaboration Area.

- Joint Steering Committee. The parties agree to establish a joint steering committee (the “JSC”) to oversee the joint clinical development of HJ197. The JSC will consist of four representatives, with two from each of our Company and Junze Chuangyao. The JSC will plan, review, and oversee clinical-stage development for HJ197, provide regular progress updates, and participate in key decisions and issue resolution to ensure smooth execution. The JSC will meet quarterly to review project status and related matters. In case of emergencies or other special circumstances, either Party may call an ad hoc meeting. Each party will designate one highly experienced expert in its field to serve as a JSC project lead. By mutual written agreement, the parties may adjust the number of JSC core technical members or change the project lead(s) as needed for the collaboration. The parties agree that the JSC will address key issues arising in clinical research through scientific, collaborative discussion. If consensus cannot be reached, the parties will, in a spirit of amicable consultation, use reasonable best efforts to explore solutions and strive to reach agreement.
- Clinical Development. Our Company and Junze Chuangyao shall be jointly responsible for clinical development of HJ197 in the Collaboration Area under the oversight of the JSC, while our Company shall lead the clinical studies of HJ197 in the Chinese Mainland and conduct the Phase III clinical trial. Our Company and Junze Chuangyao shall bear, on a 50:50 basis, the clinical development costs associated with any clinical trials mutually approved by the parties. If our Company decides to proceed with the clinical development and Junze Chuangyao disagrees for a sufficient reason, Junze Chuangyao has the right to terminate the HJ197 Agreement. Our Company may then proceed the clinical development at our own costs, while Junze Chuangyao retains certain rights of HJ197 upon its marketing approval depending on the stage of clinical development at the time of termination. Our Company and Junze Chuangyao shall co-own on a 50:50 basis any intellectual property rights associated with HJ197 in the Collaboration Area for any intellectual property derived from the collaboration prior to such termination.

Before submitting the NDA, (i) Junze Chuangyao has the option to pay 50% of the actual expenses incurred in Phase I, Phase II and Phase III clinical trials, thereby maintaining 50% rights and interests in HJ197 in the Collaboration Area. The allocation of remaining clinical expenses will be settled by our Company and Junze Chuangyao based on actual costs incurred after the last patient exits the Phase III clinical trial, with a related settlement agreement to be signed; and (ii) if Junze Chuangyao opts not to bear the clinical trial expenses, the HJ197 Agreements will be deemed as terminated by Junze Chuangyao during the clinical stage as set forth under the HJ197 Agreement, and Junze Chuangyao will retain 20% rights and interests in HJ197 in the Collaboration Area.

- Commercialization. After the commercial launch of HJ197, our Company and Junze Chuangyao will jointly explore suitable sales methods for HJ197. Under equal conditions, Junshi Biosciences will be given priority as the contract sales organization. Our Company retains final decision-making authority regarding the commercialization of HJ197. However, if Junze Chuangyao chooses to share 50% of the clinical trial expenses, thereby acquiring a 50% rights and interests in HJ197, the specific sales method shall be jointly determined by our Company and Junze Chuangyao, with our Company having final decision-making authority in the event that an agreement is not reached through negotiation.
- Registration and Manufacturing. The JSC shall oversee the IND application, registration application, MAH application and manufacturing matters in the Collaboration Area. Our Company shall be the MAH of HJ197 while Junze Chuangyao shall have joint decision-making authority on matters relating to MAH’s rights.

BUSINESS

- Profit Sharing. Profits from sales of HJ197 in the Collaboration Area will be shared between the Company and Junze Chuangyao in accordance with their respective rights and interests in HJ197 under the HJ197 Agreements, and will be settled within 60 business days after the end of each calendar year.
- Collaboration Costs. Pursuant to the HJ197 Agreements, Junshi Biosciences has paid us an upfront payment of RMB30.0 million in January 2021. Milestone payments in an aggregate amount of RMB80.0 million shall be paid by Junshi Biosciences (prior the date of the HJ197 Novation Agreement) and Junze Chuangyao (after the date of the HJ197 Novation Agreement) to us upon achieving the specified milestones, including completion of Phase I, Phase II, and Phase III clinical trials, fulfillment of certain other conditions, and the receipt of NDA approval for the first indication of HJ197. In July 2025, Junze Chuangyao paid us an aggregate of RMB20.0 million in milestone payments corresponding to the completion of Phase I and Phase IIa clinical trials of HJ197 for advanced HCC in October 2023. These milestone payments were originally payable by Junshi Biosciences under the HJ197 Agreement and were assumed by Junze Chuangyao pursuant to the HJ197 Novation Agreement. The upfront and milestone payments constitute the consideration for granting Junze Chuangyao the right to retain 20% right and interest in HJ197 in the Collaboration Area, prior to NDA submission, if it elects not to share 50% clinical development costs. If it does bear such costs, the 50:50 profit sharing arrangement remains unchanged; otherwise it will be adjusted to 20%:80%.
- Termination. The HJ197 Agreement may be terminated by mutual agreement of the parties or upon the occurrence of certain triggering events, such as defects in or invalidation of any covered patents which prevent further clinical development of HJ197. Junze Chuangyao may also terminate the HJ197 Agreements if HJ197 is rejected for marketing approval or the sales of HJ197 are terminated.
- Dispute Resolution. In the event of any dispute arising out of the HJ197 Agreements, the parties agree to submit such dispute to China International Economic and Trade Arbitration Commission (the “CIETAC”), Shanghai branch, for arbitration in accordance with the applicable CIETAC arbitration rules at the time of such submission. The decision rendered shall be final. In the event of any dispute arising out of or in connection with the HJ197 Novation Agreement, the parties shall first attempt to resolve such dispute through consultation. If the dispute cannot be resolved through consultation, it shall be submitted to the competent people’s court at the plaintiff’s domicile for litigation.
- Confidentiality. Both parties are under strict confidentiality with respect to any intellectual property, technical know-how, data and other trade secrets received from the other party under the HJ197 Agreements. The parties further agree to communicate timely and reach consent when a party needs to issue a public announcement regarding the HJ197 Agreements.

HJ191 Agreement

In November 2020, our Company and our wholly owned subsidiary Shanghai Zheyue (together with our Company, “we” or “us”) entered into a technology license and collaboration agreement (the “**HJ191 Agreement**”) with Junshi Biosciences with respect to the collaboration regarding HJ191 (a small-molecule irreversible covalent KRAS^{G12C} inhibitor with a whole new structure for the treatment of patients with KRAS^{G12C}-mutated NSCLC) in the Collaboration Area. The key terms of this agreement are summarized as follows:

- Scope of Collaboration. We exclusively license the rights to and interests in HJ191 in the Collaboration Area to Junshi Biosciences, including but not limited to the rights for research and development, manufacturing, clinical studies and commercialization of HJ191 in the Collaboration Area. Shanghai Zheyue shall hold no rights and interests in HJ191 in the Collaboration Area. Junshi Biosciences shall also have priority right to negotiate with respect to the for research and development, manufacturing (including contract manufacturing), clinical studies and commercialization of HJ191 outside the Collaboration Area.

BUSINESS

- Covered Patents and the License Scope. Shanghai Zheye exclusively licenses its right under one patent application (the “**Patent**”) to Junshi Biosciences. Junshi Biosciences shall also have sub-licensing rights of such Patent. The Patent relates exclusively to HJ191. During the collaboration, any subsequent research outcomes (including but not limited to intellectual property and innovation) developed independently by either party related to HJ191 shall be solely owned by that party. If we or Junshi Biosciences applies for a patent on such research outcomes, we or Junshi Biosciences must grant the other party sole licensing rights to the patent application/patent in its respective territory.

During the collaboration, any subsequent research outcomes (including but not limited to intellectual property and innovation) jointly developed by both parties related to HJ191 shall be co-owned. Any licensing or transfer of these rights to a third party by either party must obtain the written consent of the other party. Both parties also agree to the following: (i) if either party intends to transfer its share of rights in the jointly developed research outcomes to a third party, the other party shall have the right of first refusal; and (ii) if either party intends to license the jointly developed research outcomes to a third party, both parties shall share the licensing revenue on a 50:50 basis.

- Subsequent Research and Development. Regarding the Collaboration Area, Junshi Biosciences shall be responsible for carrying out any preclinical studies, making IND applications for and conducting clinical development of HJ191 and bear the relevant costs. Our Company will provide assistance as needed.
- Manufacturing and Sales. Junshi Biosciences shall be responsible for the manufacturing and sales of HJ191.
- Royalties. Junshi Biosciences will pay 10% of the net share derived from the commercial sale of HJ191 within the Collaboration Area with our Company during the valid period of the Patent, and settle with us annually.
- Collaboration Costs. Junshi Biosciences shall make an upfront payment of RMB15.0 million to us within 30 business days upon the receipt of a value-added tax invoice which shall be issued by us within 15 business days upon execution of this HJ191 Agreement. Pursuant to the HJ191 Agreement, milestone payments in an aggregate amount of RMB55 million shall be paid by Junshi Biosciences to us upon completion of Phase I, Phase II, and Phase III clinical trials and fulfillment of certain other conditions, and receipt of NDA approval for the first indication of HJ191.
- Termination. The HJ191 Agreement may be terminated by mutual agreement of the parties or upon the occurrence of certain triggering events, such as defects in or invalidation of any covered patents which prevent further development of HJ191. Junshi Biosciences may also terminate the HJ191 Agreement if HJ191 is rejected for marketing approval or the sales of HJ191 are terminated.
- Dispute Resolution. In the event of any dispute arising out of HJ191 Agreement, the parties agree to submit such dispute to the CIETAC, Shanghai branch, for arbitration in accordance with the applicable CIETAC arbitration rules at the time of such submission. The arbitration award shall be final.
- Confidentiality. Both parties are under strict confidentiality with respect to any intellectual property, technical know-how, data and other trade secrets received from the other party under HJ191 Agreement. The parties further agree to communicate timely and reach consent when a party needs to issue a public announcement regarding HJ191 Agreement.

As of the Latest Practicable Date, we had received the upfront payment of RMB15.0 million.

BUSINESS

While HJ191 and HJ891 address similar targets, early data indicate each has distinct strengths. Advancing the research and development of both would demand significant financial and human resources. After a comprehensive assessment, we chose to out license HJ191 to maximize its value with a partner and to concentrate internal resources on HJ891. This strategy is designed to maximize portfolio value while reducing our overall R&D risk and cash flow pressure. Although HJ191 and HJ891 are both KRAS^{G12C} inhibitors, they are structurally distinct chemical entities. The structural difference is that HJ191 features an aromatic ring bearing a carbonyl group, whereas HJ891 contains an aromatic ring system without such carbonyl-containing substituents. Accordingly, each is protected by separate compound patents, forming independent patent families. Therefore, out-licensing of HJ191 will not affect our clinical development or ownership of the patents related to HJ891.

Although no third-party collaboration arrangements are in place at this stage, we established clear selection criteria for assessing potential future collaborations. With respect to potential participants, should any collaboration be pursued in the future, a dedicated working group comprising (a) the R&D department (responsible for assessing technical compatibility), (b) the legal department (responsible for compliance review), and (c) senior management (responsible for strategic and risk assessment) will jointly participate in the third-party selection process. The potential selection criteria will include: (i) the third party’s industry qualifications (such as GCP certification, and for academic institutions, demonstrated scientific research capabilities); (ii) the degree of technical compatibility and complementarity between the third party’s resources and the our R&D needs; (iii) the third party’s compliance record (including the absence of any material violations or significant cooperation disputes); (iv) the controllability of cooperation costs and associated risks, to ensure that any potential collaboration is aligned with the our long-term strategic objectives; and (v) the third party’s integrity and anti-corruption record and conduct.

RESEARCH AND DEVELOPMENT

We consistently devote resources to research and development to pave way for long-term growth. Our research and development expenses in 2024 and 2025 amounted to RMB75.0 million and RMB110.2 million, respectively. We believe that our integrated capabilities give us the agility to formulate our innovation, registration, commercialization and product optimization strategies that can navigate us through rapidly changing clinical needs, enable us to improve pipeline viability and expedite the product development cycle at a lower cost.

R&D Capabilities

We have established a comprehensive R&D system that supports every stage of the drug development lifecycle, including:

- In-depth analysis of clinical needs. We start by analyzing clinical needs to guide project selection. We maintain a curated knowledge base, and we work with experienced clinicians to prioritize targets that address real patient needs and have clear clinical endpoints.
- Layered drug design. We combine computational methods and medicinal chemistry to design better molecules. Our toolkit includes quantitative structure-activity relationship (QSAR), molecular docking, molecular dynamics, and absorption, distribution, metabolism, excretion and toxicity (ADMET) prediction, together with structure- and fragment-based design to improve potency, selectivity, and drug-like properties.
- Rapid and accurate drug screening and evaluation. We use 3D screening techniques, along with *in vitro* and biophysical assays, to quickly assess activity, off-target effects, and developability, allowing fast selection of the best leads for further study.
- Robust CMC and process development capabilities. Our chemistry and process development capabilities focus on scalable, high-quality synthesis of APIs and intermediates. We develop efficient synthetic routes, optimize yields and purity, and create manufacturing-ready processes that meet regulatory quality requirements.

BUSINESS

- Comprehensive preclinical and translational research. Our preclinical and translational research include comprehensive pharmacology, toxicology, and biomarker studies. We perform *in vivo* and *in vitro* studies to define mechanism of action, PK/PD relationships, safety margins, and identify biomarkers and patient stratification strategies that support clinical development.
- Efficient clinical development. Our clinical strategy and operations teams plan and run trials efficiently while ensuring regulatory compliance. We handle trial design, site selection, data management, and interactions with regulators. Together with CMC, quality, and translational teams, we advance candidates from lead selection into clinic-ready development.

Together, our integrated R&D platform, from clinical need analysis and advanced drug design to scalable manufacturing and efficient clinical execution, ensures we move the most promising candidates rapidly and reliably toward the clinic. This end-to-end capability minimizes development risk, accelerates timelines, and increases the likelihood of delivering safe, effective therapies to patients.

R&D Team

The expertise of our team members spans the entire spectrum of drug development, encompassing drug discovery, medicinal chemistry design and virtual screening, preclinical pharmaceutical research, drug testing and purification, formulation development, clinical research, regulatory submissions and platform construction. As of the Latest Practicable Date, our R&D team consisted of 92 members, including 4, or 4.3% holding PhD degrees and 23, or 25.0% holding master’s degrees.”

Our R&D team is led by Dr. Ji Jianxin, the chairman of our Board, our executive Director and chief executive officer. Dr. Ji has over 20 years of experience in the pharmaceutical industry. Dr. Ji has conducted in-depth research in the fields of synthetic methodology, medicinal chemistry, molecular pharmacology and other relevant fields. He has published more than 40 academic papers in academic journals such as PNAS and JACS, and is the inventor of nearly 30 domestic and international patents. In 2007, he was recognized as an outstanding talent under the “Hundred Talents Program” of the Chinese Academy of Sciences. In 2010, he received the “11th China Youth Science and Technology Award,” jointly awarded by the Organization Department of the CPC Central Committee, the China Association for Science and Technology and the Ministry of Human Resources and Social Security. In 2016, he was selected as a leading talent expert under the national “Ten Thousand Talents Plan” organized by the Organization Department of the CPC Central Committee. Dr. Ji obtained his Ph.D. from Hong Kong Polytechnic University, and finished his postdoctoral fellowship in molecular pharmacology at Vanderbilt University in the United States.

In addition to Dr. Ji, our R&D team consists of members with diverse and complementary backgrounds, covering preclinical research, clinical research, and production operations. Through close collaboration and teamwork, we have formed a dedicated and stable team that provides a solid foundation for ongoing innovation.

Dr. Guo Na, head of research and development, has expertise in both preclinical and clinical research and possesses extensive project management experience. She is one of the few experts who can integrate biological research, pharmaceutical research, and clinical studies. She is skilled in promoting clinical research through translational medicine and coordinating internal development with external resources. Before joining us in 2018, she served as the head of the chemical innovation drug research department at a large pharmaceutical group.

Dr. Du Fengtian, our deputy director of R&D, has rich experience in drug discovery, CMC research, and preclinical studies. He excels in drug design and deeply understands the relationship between drug structure and function, efficiently organizing various aspects of preclinical research, including pharmacodynamics, PK, and safety evaluation. He has led or participated in multiple Class I new drug development and registration projects, demonstrating outstanding capabilities in R&D management.

BUSINESS

Mr. Yang Xiangyu, our chief operating officer, has a deep understanding of drug development and excels at coordinating communication and integration across multiple departments, including medicinal chemistry, raw materials, and formulation. He is skilled in drug manufacturing and has led teams to complete multiple project process developments and production transfers. He holds a master’s degree in medicinal chemistry from the University of Chinese Academy of Sciences. Before joining us in 2017, he was a senior research expert at Chengdu Yuanyuan Biotechnology Co., Ltd.

The table below sets forth the identities, positions, expertise, and contributions of our core R&D personnel, as well as their involvement in the research and development of HJ787, HJ178 and HJ891 since their discovery and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, none of the core R&D personnel involved in these projects left the Group. Dr. Ji, Dr. Guo Na, Dr. Du Fengtian and Mr. Yang Xiangyu lead the R&D of our Core Products, overseeing overall development strategy, clinical development, preclinical development and CMC, respectively. The table below sets forth a detailed summary of their responsibilities and experience:

Identities	Positions	Expertise	Involvement and contributions to the R&D activities since the discovery of HJ787, HJ178, and HJ891	Date of joining
Dr. Ji	Chairman of our Board, Executive Director and chief executive officer	His work covers early-stage drug discovery, mechanism of action studies, and translational research, with a focus on bridging fundamental science and clinical application. He has conducted in-depth research in areas such as synthetic methodology, medicinal chemistry, and molecular pharmacology, and has published over 40 academic papers and filed nearly 30 patents. His research achievements demonstrate his deep scientific insight and innovative capabilities in the field of drug discovery and development.	Provides comprehensive strategic guidance and oversight for all core projects, including project planning, execution, and progress monitoring, ensuring alignment with overall research objectives and timely achievement of milestones.	February 2017
Dr. Guo Na . . .	head of research and development	Since 2018, Dr. Guo has overseen the full clinical development and regulatory approval of HJ891 and leveraged this experience to drive the advancement of HJ787 and HJ178 in autoimmune and metabolic diseases. She also established a high-caliber clinical development team with an average of more than six years of industry experience, supporting the successful progression of HJ787, HJ178, and HJ891.	Leads the clinical development team and drives the strategic planning, design, execution, and oversight of clinical trials across all core programs, ensuring alignment with regulatory requirements.	May 2018
Dr. Du Fengtian. . .	deputy director of R&D	Before joining us, Dr. Du had successfully led the research and registration of multiple Class I innovative drugs across oncology, metabolic diseases and autoimmune disorders. He has deep expertise in drug structure-function relationships and oversees all aspects of our preclinical research. Since joining, he has established a preclinical research team with an average of over six years of industry experience across medicinal chemistry, pharmacology, toxicology and translational medicine. Under his leadership, the team has successfully advanced HJ891, HJ178 and HJ787 through comprehensive preclinical studies.	Leads the preclinical development team, oversees the execution of Core Products and Key Product development activities, and formulates strategic plans to guide research, optimize development processes, and ensure the timely progression of Core Products and Key Product.	February 2017

BUSINESS

Identities	Positions	Expertise	Involvement and contributions to the R&D activities since the discovery of HJ787, HJ178, and HJ891	Date of joining
Mr. Yang Xiangyu . . .	chief operating officer	Since joining, he has led the CMC research for HJ891, HJ178, and HJ787, ensuring smooth translation of R&D outcomes to production. He also built and manages a high-caliber team with expertise in small-molecule process development, formulation, quality control, and pilot-scale manufacturing, coordinating cross-functional efforts across medicinal chemistry, APIs, and formulation departments.	Oversees the chemistry, manufacturing, and CMC quality control activities, coordinating process development, formulation, and quality assurance to ensure smooth drug development, optimize production efficiency, control costs, and maintain consistent product quality for the timely and reliable advancement of pipeline candidates.	February 2017

We have allocated sufficient manpower for the development of each Core Product. The qualifications and experience of our R&D personnel directly support the expansion of our Core Products across multiple therapeutic areas and formulation specifications. Our team includes R&D personnel with end-to-end drug development expertise, therapeutic specialists in autoimmune, metabolic, and oncology diseases, and CMC experts in process, analytical, and formulation development. This depth enables us to advance each drug across multiple indications and patient subpopulations, tailor clinical and translational strategies to disease biology. As of the Latest Practicable Date, approximately 80.2% of the research and development personnel who have been involved in the development of our Core Products. The table below set forth the our core R&D team members for the development of each Core Product since their discovery and up to the Latest Practicable Date:

	Number of Core Team Members		
	HJ891	HJ787	HJ178
Preclinical Development	15	17	18
Clinical Development	27	12	16
CMC	36	24	22
Total	78	53	56

Collaborations with CROs

In line with industry practice, we engage reputable CROs to support our preclinical and clinical studies from time to time. We proactively seek well-known CROs with good reputation in the industry, and evaluate self-recommendations from CROs offering services to us. We also select CROs through tenders for projects with high value and typically evaluate three to four CROs for a specific preclinical or clinical study. When selecting CROs, we consider a number of factors, including their past experience in biologics-related preclinical and clinical studies, their reputation and influence in the industry, their qualifications, professional experience of their employees and pricing. When determining service fees for CROs, we would discuss with the CRO and set the pricing based on various factors, including the academic and professional qualifications of its team, its experience in the industry and market fee levels. The involvement and roles of CROs in the development of novel biologic drug candidates are typically standardized and similar among different projects. The work scope of these third parties in the development of our drug candidates may vary, subject to our overall management and instructions. We had engaged an aggregate of 41 and 51 CROs as of December 31, 2024 and 2025, respectively, all of which were Independent Third Parties to the best of our knowledge.

BUSINESS

With respect to preclinical studies, CROs typically provide us with services related to preclinical PK, PD and toxicity evaluations, both *in vitro* and *in vivo*, of our drug candidates in accordance with our study design and under our supervision. We engaged CROs to conduct preclinical PK, PD and toxicity studies for all of our Core Products. With respect to clinical studies, CROs typically provide us with a comprehensive suite of services required in complex clinical trials in accordance with our trial design and under our supervision. We engaged CROs for all completed and ongoing clinical trials of our Core Products. CROs generally assist us in the implementation and management of clinical trials, including day-to-day site management, trial preparation, source data verification, clinical safety management, data management and report preparation.

After we select a CRO to support our clinical trial, we will sign an agreement with the CRO, which sets out, among other things, the purpose and content of the clinical trial, responsibilities of each party, research procedures and the payment schedule. We have set in place various procedures regarding the management and monitoring of the performance by CROs. Our clinical development department is responsible for managing the overall clinical trial process and overseeing CROs’ work. We hold regular progress meetings with CROs and provide specific directions to ensure the quality and efficiency of the trial execution. We conduct regular and ad hoc on-site audits of CROs, including interviewing their employees, reviewing documentations and records, such as relevant trial data and reports. We would keep formal records of such audits and follow up regarding issues discovered in the process. For clinical CROs, we would also refer to the NMPA compliance record of their previous clinical trials. Our CROs are also required to fully cooperate with our monitoring and inspection activities and rectify any issue identified during such inspections. If the CROs fail to conduct the studies in compliance with the relevant laws and regulations, we may be subject to liability. See “Risk Factors—Risks Relating to Our Operations—Our employees, CROs, CDMOs, collaboration partners and others with whom we deal may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could harm our reputation and subject us to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations” in this document for details. Under the agreements, we own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they acquire during clinical trials. There was no material non-compliance incidence during our cooperation with CROs and we did not have any material disputes or disagreements with the engaged CROs during the Track Record Period and up to the Latest Practicable Date.

OUR TECHNOLOGY PLATFORMS

We adhere to the principles of precise biological mechanisms and tissue-specific distribution in our drug development process, and have established integrated platforms for the development of differentiated small molecule innovative drugs based on these principles and objectives.

Integrated Small Molecule Platform and Tissue Specific Distribution Oriented Development (ISD-ODD) approach

We have established a development platform for small molecule drugs, covering the entire process from drug design, efficient synthesis, screening and evaluation, pharmacological studies, and comprehensive CMC research to clinical strategy and operations as well as translational medicine.

Each component of our integrated small-molecule platform ensures the efficiency and quality of the development of our Core Products and pipeline candidates, enabling our molecules to demonstrate superior activity compared with peer products or competitors, while achieving favorable tissue distribution characteristics.

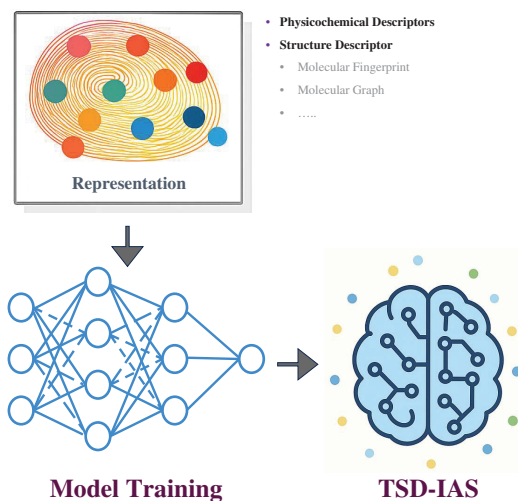
- **Drug design:** We utilize structure-based, drug design methodologies to study how proteins and small molecules interacts, how structure relates to activity. Combined with empirical design approaches, this enables us design molecules efficiently and verify results with a highly integrated verification system that combines wet-lab experiments and computational (dry-lab) analysis.

BUSINESS

- **Efficient synthesis:** Our equipped chemical research platform possesses expertise in synthetic chemistry, supported by a team capable of rapid, quality compound synthesis. Our capabilities cover synthetic routes ranging from a few steps up to 20 steps, allowing us to efficiently produce complex molecules.
- **Screening and pharmacology:** We have established a comprehensive *in vitro* and *in vivo* evaluation system incorporating advanced technologies such as 3D cell screening, enabling systematic PD, toxicological, and ADMET studies that are seamlessly linked to drug design and synthesis. In addition, we have developed dozens of animal models in oncology, metabolism, and immunology, which have been successfully applied to support drug discovery and evaluation.
- **CMC research:** We have developed a complete CMC research platform encompassing complex process development, comprehensive quality assessment, and innovative formulation research. Our team has deep expertise in large-scale crystallization, purification, and formulation development for poorly soluble compounds.
- **Clinical strategy and operations:** We maintain a efficient clinical research team covering medical strategy and clinical operations. Compared with traditional CRO-dependent models, our in-house structure provides higher efficiency, stronger execution capability, and greater control over study quality.
- **Translational medicine:** We apply multiple biotechnological approaches to support clinical application and trial design, including studies on biological mechanisms and efficacy biomarkers, offering scientific support to bridge preclinical research and clinical practice.

Tissue-Specific Distribution-Intelligent Analytics System (TSD-IAS)

We have developed the Tissue-Specific Distribution-Intelligent Analytics System (TSD-IAS) as a supplementary tool to help predict the *in vivo* tissue distribution of drug candidates. TSD-IAS extracts hundreds of structural and physicochemical features from each molecule, integrates them with animal tissue distribution datasets derived from publicly available materials, and applies computational modeling to identify correlations between molecular structures and tissue distribution. The resulting models provide predictive insights into how new molecules distribute across key organs. Our Core Products were discovered and their preclinical research activities were conducted before TSD-IAS and related AI systems were developed.



BUSINESS

The establishment and continuous refinement of this system further enhance our efficiency in the development of differentiated small molecule drugs. We believe that continuously enhanced platform provides a unique competitive edge in rational drug design by enabling precise tissue targeting, enhancing clinical efficacy, improving safety profiles, and opening new therapeutic combinations that were previously unfeasible.

The datasets currently used by TSD-IAS are primarily derived from publicly available knowledge and animal tissue distribution results documented in publicly accessible materials. We extract objective results from such publicly available materials and combine them with structural and physicochemical parameters of relevant molecules. Through internal screening, organization, and structuring processes, we form training datasets used for model training and internal analysis. The original content of publicly available source materials is not owned by us. However, the training datasets and analysis results formed internally based on such publicly available materials are created and managed by us in our internal R&D activities. We primarily collect, screen, organize, and compile objective results from publicly available materials through our internal R&D personnel. The relevant data is used solely for our internal model training and tissue distribution pattern analysis. Internal training datasets are stored in our own local storage infrastructure with access control and other security measures. We do not share raw training data externally, nor do we provide related processing results as standalone data products for external provision or commercial use.

We have established internal data security management policies and data preservation, archiving, and deletion mechanisms that specify retention periods and deletion procedures for relevant data. For data that is no longer necessary for continued use, we define retention periods in accordance with our internal data management policies and delete such data upon expiration of the retention period. Accordingly, under the relevant laws and regulations of the PRC, including the Regulations on Administration of Human Genetic Resources of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, and the Biosecurity Law of the People’s Republic of China, our TSD-IAS-related data activities do not require additional licenses, consents, approvals, or authorizations. As TSD-IAS uses only publicly available data and does not involve cross-border transfer of personal information or human genetic resources information, it does not trigger the application of data protection regulations in overseas jurisdictions. As of the Latest Practicable Date, our TSD-IAS-related data activities comply with all applicable laws and regulations in China, including those governing personal information, data security, and biosecurity.

Payload Platform

XDCs, including ADCs, SMDCs, and PDCs, represent the targeted therapies due to their strong specificity and precision in drug delivery. Among the various components of XDCs, the payload fundamentally determines drug activity, toxicity, and resistance profile, serving as the core functional unit.

We have established a payload platform. Our payload is designed to simultaneously modulate RAF and MEK, two key targets within the MAPK signaling pathway, demonstrating favorable safety while mitigating drug resistance. By disrupting the MAPK pathway while minimizing feedback loop activation, our payload demonstrates enhanced durability of therapeutic response.

Novel Small-Molecule Drug Conjugate (SMDC) Technology System

Building on the platform, we have developed a SMDC Technology System, capable of releasing payloads through two distinct mechanisms:

- Click chemistry—mediated payload release: This process consists of (i) a targeting ligand equipped with a “click handle” for specific recognition of overexpressed receptors on tumor cells, which guides the conjugate precisely to the tumor site; and (ii) an inert prodrug payload

BUSINESS

bearing a complementary “click handle.” Upon spatial proximity, the two handles undergo a highly efficient and specific bioorthogonal click reaction, forming a covalent cyclic structure that alters the molecular conformation or electronic properties, triggering bond cleavage and release of the active payload.

- Enzyme-cleavable linker—mediated payload release: The linker is selectively cleaved by tumor-specific enzymes highly expressed in the tumor microenvironment, resulting in controlled release of the payload.

Through screening of the two SMDC technology processes, we developed HJ093, a SMDC drug based on a novel molecular-glue payload. For HJ093, the payload release rate is matched to the payload’s biological activity, resulting in preclinical efficacy.

INTELLECTUAL PROPERTY

Our continued success depends on our ability to obtain and maintain proprietary or intellectual property protection for our drug candidates, our core technologies and other know-how. We also have internal protocols in place to ensure that we operate without infringing, misappropriating or otherwise violating the proprietary rights of others, and to prevent others from infringing, misappropriating or otherwise violating our proprietary or intellectual property rights. We protect our proprietary and intellectual property by, among other methods, filing patent applications related to our proprietary technology, inventions and improvements.

As of the Latest Practicable Date, we held 29 issued patents including 12 patents in China and 17 patent overseas. As of the same date, we had 29 patent applications including 3 patent applications in China, 20 patent applications overseas and 6 PCT applications. In particular, with respect to our Core Products, we had 2 issued patents and 2 pending patent applications for HJ891, 3 issued patents and 9 pending patent applications for HJ787 and 5 issued patents and 1 pending patent applications for HJ178. The following table summarizes the details of our all material patents and patent applications in connection with our products as of the Latest Practicable Date:

Products	Patent Protection Scope	Jurisdiction (Country/Region)	Status	Filing/Grant Date	Patent Expiration Date	Patent Owner/Applicant
HJ787	New nitrogen-containing heteroaromatic compounds	Russia	Granted	July 2025	May 2042	Our Company
		Australia	Granted	July 2025	May 2042	Our Company
		Japan	Granted	September 2025	May 2042	Our Company
		China	Applying	May 2022	N/A	Our Company
		European Union	Applying	May 2022	N/A	Our Company
		United States	Applying	May 2022	N/A	Our Company
		Republic of Korea	Applying	May 2022	N/A	Our Company
		Singapore	Applying	May 2022	N/A	Our Company
		Malaysia	Applying	May 2022	N/A	Our Company
HJ178	New hypoglycemic compounds	China	Granted	May 2023	November 2040	Our Company
		Japan	Granted	April 2025	November 2040	Our Company
		European Union	Granted	August 2025	November 2040	Our Company
		United States	Granted	January 2026	November 2040	Our Company
HJ891	New aromatic compounds with anti-tumor activity	China	Granted	March 2024	February 2041	Our Company
		Japan	Granted	March 2024	February 2041	Our Company
		European Union	Applying	February 2021	N/A	Our Company
		United States	Applying	February 2021	N/A	Our Company

BUSINESS

Products	Patent Protection Scope	Jurisdiction (Country/Region)	Status	Filing/Grant Date	Patent Expiration Date	Patent Owner/Applicant
HJ197	A selective kinase-inhibiting compound	China	Granted	October 2020	December 2037	Our Company
		Japan	Granted	March 2021	December 2037	Our Company
		United States	Granted	June 2021	December 2037	Our Company
		European Union	Granted	March 2022	December 2037	Our Company
HJ093	Peptide conjugates exhibiting antitumor activity	China	Applying	February 2026	N/A	Our Company
HJ356	Compounds for reducing the risk of cardiovascular disease and atherosclerosis	PCT	Applying	December 2025	N/A	Our Company

Based on the freedom to operate (FTO) analysis of HJ891, HJ787 and HJ178, we are not aware of any issued patents that is likely to affect our rights to conduct research and development or commercialize of HJ891, HJ787 and HJ178 in China and the United States. FTO analysis is a patent investigation, based on a search both of patent databases, which is commonly used to determine whether any existing patents cover a company’s product, and whether that product would infringe any existing patents. However, we cannot provide any assurance that all relevant third party patents were identified or that conflicting patents will not be issued in the future. See “Risk Factors—Risks Relating to Our Intellectual Property Rights” in this document for details.

As advised by our external IP counsel, the Directors believe that the material aspects of our Core Products, Key Product and their associated technologies are adequately protected by our patents and patent applications in China and the United States.

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent.

We rely, in some circumstances, on trade secrets and/or confidential information, including information in connection to our inventions, manufacturing process and technologies, to protect aspects of our drug candidates and related technologies. We seek to protect our proprietary technologies and processes, in part, by entering into confidentiality arrangements with third-party contractors. We have contractual arrangements with our key employees and employees involved in research and development, pursuant to which intellectual property conceived and developed during their employment is our exclusive property, and they waive all relevant rights or claims to such intellectual property. We maintain non-compete arrangements with our key employees, including all senior management and employees involved in research and development. We also have established an internal policy governing the confidentiality of all company information.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceedings in respect of, and we had not received written notice of any material claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. However, there are risks if we fail to protect our intellectual property rights in the future. For risks relating to our intellectual property, see “Risk Factors—Risks Relating to Our Intellectual Property Rights” in this document.

BUSINESS

MANUFACTURING AND CONTROL

Collaboration with Third Parties

During the Track Record Period and up to the Latest Practicable Date, we had worked with qualified CDMOs to manufacture and test drug candidates for preclinical and clinical supply. We select CDMOs by taking into account a number of factors, such as their manufacturing capacity and qualifications, relevant expertise, reputation, geographic proximity and track record, product quality and production cost, applicable regulations and guidelines, as well as our R&D objectives. We have adopted, and will continue to implement, robust procedures to ensure that the production qualifications, facilities and processes of our CDMOs comply with the applicable regulatory requirements and our internal guidelines and quality standards. To monitor and evaluate the services of our CDMOs, we conduct quality assurance audit programs to ensure, among other criteria, full compliance of our CDMOs with the relevant regulatory requirements. Our contracts with these CDMOs will stipulate detailed manufacturing procedures and requirements to ensure our drug samples used in the clinical trial can meet our stringent quality standards. See “—Quality Control” in this document for details. We may also engage additional qualified CDMOs in the future to ensure that we will have sufficient supply of drug candidates for our clinical trials.

Manufacturing Facility

We currently do not operate any self-owned manufacturing facilities, and as of the Latest Practicable Date, we had no plan to establish our own manufacturing facilities within the next 12 months. We may consider establishing our own manufacturing facilities in the future, subject to commercialization progress, internal resource availability and strategic needs.

Currently, our manufacturing activities are conducted through CDMOs to support our drug development. We engage reputable CDMOs in China and expect to maintain this model in the near term and during the initial stage of commercialization. We believe this approach is cost-effective and allows us to focus our resources on the discovery and clinical development of our drug candidates. We have maintained strong relationship with our CDMO partners, with our longest collaboration spanning seven years.

We have signed a cooperation agreement with the Jiangjin Government in 2023. Such agreement constitutes a long-term strategic arrangement. Under this agreement, we are granted leasing rights and an option to purchase certain premises to be developed by the Jiangjin District Government in an industrial park located in Jiangjin District, enabling us to secure relatively favorable land and leasing terms. We believe this arrangement offers us the flexibility to establish our own production facility in the medium to long term, subject to our Core Products advancing to commercialization and the availability of sufficient internal resources.

Quality Control

As of the Latest Practicable Date, our quality assurance (“QA”) and quality control (“QC”) department is led by a QA director and a QC manager with extensive industry experience. Our QA and QC department is responsible for overseeing the quality of our drug candidates and clinical study management, and ensuring that our suppliers deliver products in accordance with our product quality requirements and cGMP regulations through protocols specifying quality guarantees, manufacturing site monitoring and regular supplier evaluations. As of December 31, 2025, our QA and QC teams consisted of fifteen members, all of whom hold a bachelor’s degree or above in pharmacy, pharmaceutical engineering or other related disciplines.

DATA PRIVACY AND PROTECTION

We receive, collect, generate, store, process and maintain clinical and related medical data from subjects enrolled in our clinical trials through case report forms, electronic data capture systems or cooperating hospitals’ electronic health record systems. In line with the “minimum necessary collection”

BUSINESS

principle, we do not collect high-risk data such as personal information, biological samples and genomic sequences, we strictly follow the “minimum necessary” principle and remove or omit all direct identifiers, including names, initials and dates of birth.

For data storage, we use a compliant electronic data capture system that undergoes regular quality checks. We maintain dedicated and segregated storage areas with access-control permissions and dynamic monitoring to ensure full traceability of all data access. For data use and distribution, we strictly control the scope of access to raw data, and our R&D personnel process data in anonymised form. We also provide regular training on privacy protection, anonymisation and de-identification of original documents, as well as email encryption. All materials undergo rigorous review before archiving, handling or distribution to ensure that no personal information is disclosed. For data deletion, we conduct secure erasure once the statutory retention period expires (five years after the investigational product is approved) or when a participant exercises the right to deletion, ensuring full and irreversible removal of original data.

We require all clinical trial participants to sign an informed consent form both at registration and before the start of the trial, which clearly sets out the trial’s purpose, design and procedures, the scope of authorised data use, and the potential benefits and risks. Our clinical investigators obtain informed consent onsite and explain that participation is entirely voluntary, and participants have the right to decline to participate or withdraw from the trial at any stage without discrimination, retaliation or any impact on their medical treatment or rights. We ensure that participants take part only after being fully informed, thereby safeguarding their right to informed consent. At the trial site, we assign each participant a unique code and record their personal information, and our clinical investigators collect and record all trial-site data. Any data provided to us is de-identified and coded, with personal identifiers removed, to ensure that no privacy-sensitive information is disclosed.

We review and update consent materials throughout the clinical trial process in strict compliance with the Biosecurity Law of the PRC, the Personal Information Protection Law of the PRC and other applicable regulations. When relevant rules are revised or updated, we reassess and update the informed consent documents accordingly. Any updated informed consent form is promptly submitted to the clinical trial centres for ethics approval, after which our investigators will re-obtain consent from participants and fully communicate the changes to safeguard their rights and interests. In accordance with the Personal Information Protection Law, we inform participants through the informed consent form that their personal information will be retained only for the minimum period necessary to fulfil the processing purpose, which is five years after the investigational product receives marketing approval. We also anonymise participant identity information and medical records at the point of collection through authorised personnel, and our research team may only access de-identified data directly relevant to the trial purpose, thereby reducing the risk of information leakage at its source.

We have established and implemented internal policies and procedures to ensure the safety of our laboratory and clinical trial activities and to comply with applicable regulations. We require our personnel to receive training on the handling of personal information, and we also require our CROs to adopt appropriate data protection measures. We have established procedures to safeguard the confidentiality of participant data, and all parties involved in our clinical trials, whether internal or external, are required to comply with strict confidentiality obligations. Our employees are responsible for collecting and protecting the personal information of trial participants under their control, while our CROs and other partners are contractually obligated to maintain the confidentiality of such information. Compliance with GCP and relevant rules ensures that only authorized personnel can access clinical trial data, and all data use is strictly limited to the scope consented to by trial participants in the informed consent form. For any use of data beyond the scope of informed consent, we ensure that additional consent is obtained. Any transfer of data related to our product development or regulatory communications is conducted in accordance with applicable local data protection and privacy laws.

As of the Latest Practicable Date, we had not submitted medical or clinical data as required by FDA review of our drug applications. We did not conduct any cross-border personal data transmission during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we had designed strict data protection policies to ensure that the collection, use, storage, transmission,

BUSINESS

dissemination and destruction of data are in compliance with applicable laws, regulations and prevalent industry practice. During the Track Record Period and up to the Latest Practicable Date, we did not experience any breaches or incidents involving confidential information that had a material adverse impact on our business, financial condition, or results of operations. Our PRC Legal Advisors has confirmed that we have not been subject to any material penalties or administrative actions related to data privacy or transfer and have complied with the relevant PRC laws and regulations in all material respects.

We have implemented a comprehensive data privacy and protection policy. See “—Risk Management and Internal Control—Internal Control”.

SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of suppliers of raw materials and consumables for our drug development, third-party contractors including CROs, CDMOs and Site Management Organization (SMOs) as well research centers where we conduct clinical trials.

A majority of our raw materials are widely available, and we are able to purchase them from numerous suppliers according to our product development plans. Currently, we procure raw materials, including chemicals and reagents, mainly from suppliers in China. We have established stable collaboration relationships with qualified suppliers for raw materials, which we believe have sufficient capacity to meet our demands. Nevertheless, we believe that adequate alternative sources for such supplies exist. We select our suppliers by considering their qualifications, compliance with relevant regulations and industry standards, manufacturing facilities, production quality, prices, business scale, market share, reputation, and after-service quality. During the Track Record Period, we did not experience any material disputes with suppliers, difficulties in procurement, or interruptions in our operations due to a delay in delivery of raw materials.

Purchases from our largest supplier in 2024 and 2025 accounted for 10.3% and 17.2%, respectively, of our total purchase of those years. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 38.8% and 37.0%, respectively, of our total purchase for each of the same periods. All of our five largest suppliers in each year during the Track Record Period are Independent Third Parties. The following table sets forth details of our five largest suppliers during the Track Record Period.

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship	Purchase Amount	% of Total Purchases for the Period
(RMB in thousand)						
<i>For the year ended December 31, 2025</i>						
Supplier B . . .	CDMO	API research and development, formulation, and clinical sample production	30 days	2018	16,120.6	17.2
Supplier I . . .	A raw material manufacturing company	Customized intermediates	30 days	2024	6,778.7	7.2
Supplier F. . .	A raw material manufacturing company	Customized intermediates and raw materials	10 days	2021	5,359.6	5.7
Supplier A . . .	A preclinical testing company	Pharmacokinetic and safety studies	10 days	2017	3,582.1	3.8

BUSINESS

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship	Purchase Amount (RMB in thousand)	% of Total Purchases for the Period
Supplier H . .	An elite BD advisory firm	Business development services to support our overseas expansion by establishing strategic partnerships with pharmaceutical or biotechnology companies or investors for joint product development and commercialization	5 days	2025	2,871.7	3.1
Total					34,712.7	37.0

For the year ended December 31, 2024

Supplier F . .	A raw material manufacturing company	Customized intermediates and raw materials	10 days	2021	5,862.5	10.3
Supplier D . .	SMO	Clinical trial site management	30 days	2023	4,627.5	8.1
Supplier G . .	A raw material manufacturing company	Custom intermediates and manufacturing services	15 days	2021	4,342.6	7.6
Supplier B . .	CDMO	API research and development, formulation, and clinical sample production	30 days	2018	4,118.1	7.2
Supplier C . .	A clinical research institution	Clinical research	10 days	2023	3,199.2	5.6
Total					22,149.9	38.8

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

CUSTOMERS

During the Track Record Period, all of our revenue was derived from our out-license and collaboration agreements with Junshi Biosciences and/or Junze Chuangyao. For further details, please refer to “Financial Information—Description of Selected Components of the Consolidated Statements of Profit or Loss and Other Comprehensive Income—Revenue.”

COMMERCIALIZATION

Our Marketing Strategy

We do not currently have any approved or marketed products. However, since our drug candidates entered clinical development, we have been actively building our commercial planning and portfolio management capabilities. As these candidates advance into late-stage development and approach NDA submission, we plan to establish an in-house marketing and sales team comprising experienced professionals in our therapeutic areas of focus.

BUSINESS

This team will be responsible for market strategy, product positioning, market access, promotional activities, and patient support. It will focus on enhancing awareness among relevant experts of our products’ mechanisms of action, clinical data, and differentiation. We will also carry out educational initiatives, including engagement with KOLs, medical education programs, academic conferences, and support for investigator-initiated studies to further strengthen our market presence.

In parallel, we may explore strategic collaborations to commercialize our drug candidates in China and the United States, such as selective out-licensing, joint ventures, or partnerships with leading biopharmaceutical companies to support late-stage clinical development and commercialization.

Pricing

We are currently at the clinical development stage and none of our Core Products, including HJ787, has been commercialised. Upon commercialization of our Core Products and other product candidates, we intend to determine pricing based on multiple factors, including production costs, competitive landscape, product differentiation, health economics, market trends, and supply-demand dynamics. Recognizing that some cancer patients, particularly those with late-stage disease, may be sensitive to treatment costs, we will also take patient affordability and payment preferences into account when formulating our pricing strategy.

Taking HJ787 as an example, we intend to position HJ787 for the treatment of mild-to-moderate AD. In determining the pricing of HJ787, we expect to take into account the following factors:

- (i) the mild-to-moderate AD patient population is large, and treatment is typically administered on a long-term outpatient or home-based maintenance basis, which requires a pricing level that supports sustained patient accessibility;
- (ii) as a topical selective TYK2 inhibitor, HJ787 is expected to provide differentiated efficacy and safety advantages compared with existing topical targeted therapies, which may support a reasonable price premium within the prevailing price range of such therapies; For AV, existing therapies present limitations including strong skin irritation and development of bacterial resistance with long-term use. HJ787’s favorable safety profile may enable it to capture the pediatric AD market segment and serve patients with lesions in sensitive areas such as the face. These differentiated clinical attributes and the limitations of existing therapies may support pricing HJ787 at a reasonable premium to current topical therapies, subject to adjustment based on market conditions, and
- (iii) if HJ787 is included in the NRDL, its pricing is expected to be determined with reference to the negotiated reimbursement prices of existing NRDL-listed targeted therapies for AD, with a view to balancing patient accessibility and reasonable commercial returns.

As a topical selective TYK2 inhibitor, HJ787 is expected to provide differentiated efficacy and safety advantages compared with existing therapies, which have various limitations including safety concerns, accessibility constraints, and limited treatment options across its target indications. HJ787’s favorable safety profile may enable it to serve patient populations including those with lesions in sensitive areas, which may support a pricing premium to current topical therapies, subject to market conditions. Our pricing strategy will take into account competitive dynamics and market positioning. We are pursuing clinical development across multiple indications, and our resource allocation decisions will balance development timelines across our pipeline with our R&D budget. The pricing and commercialization approach will be refined based on clinical trial results, competitive developments, and reimbursement policy landscape at the time of market entry. The above our pricing considerations competitive challenges are preliminary and based on currently available industry information and our internal commercial planning, and may be subject to change in light of subsequent clinical results, competitive developments, reimbursement policy developments and market conditions.

BUSINESS

As of the Latest Practicable Date, there were no pricing guidance or centralized procurement requirements applicable to our product candidates in China. To enhance market access and competitiveness, we plan to seek inclusion of our Core Products in the NRDL and other government reimbursement programs through negotiations with the relevant authorities. However, inclusion in the NRDL is subject to government review and approval, and competition for listing is expected to be intense.

COMPETITION

The development and commercialization of innovative drugs are highly competitive and subject to rapid and significant changes. We believe that our differentiated portfolio, deep knowledge of key therapeutic pathways provide us with strong competitive advantages. We face potential competition from many different sources working to develop therapies targeting the same indications for which we develop our drug candidates. These include major pharmaceutical companies as well as specialty pharmaceutical companies of various sizes. Our Core Products and key drug candidate face competition from approved and clinical-stage drug candidates that focus on similar indications and target patient population with us, and these competing products may have significant competitive strengths and advantages when compared to our drug candidates. For competitive landscape of our drug candidates, see “—Our Drug Candidates” and “Industry Overview” in this document.

EMPLOYEES

As of December 31, 2025, we had 115 full-time employees, the majority of whom are based in Chengdu, China. The following table sets forth the number of our employees by function:

Function	Number of employees	% of Total employees
Research and development	93	80.9
Management and administration	22	19.1
Total	115	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of our core strengths. As of December 31, 2025, our R&D personnel account for 80.9% of the total employees. We use various methods for our recruitment, including campus recruitment, online recruitment, internal referrals and recruitment firms or agents, to satisfy our demand for different types of talents. We conduct safety awareness, quality awareness and corporate culture training for R&D and manufacturing staff, and implement a comprehensive training system for all employees. We hold various training courses conducted online and offline on a weekly basis.

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete clause that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, see “Directors, Supervisors and Senior Management” in this document.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. We believe we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, we made social insurance and housing provident fund contributions for all of our employees. However, we did not make full contributions in strict compliance with the relevant PRC laws and regulations prior to July 30, 2025. With effect from August 1, 2025, we have made full social insurance and housing provident fund contributions for each of our employees in accordance with the applicable requirements. As of December 31, 2024 and 2025, our shortfall in social insurance and housing provident fund contribution during the Track Record Period amounted to RMB5.8 million and RMB7.4 million, respectively, on cumulative basis.

We have established various internal policies and procedures to ensure that we make full contributions to social insurance and housing provident funds. These internal policies and procedures include (i) maintain regular communication with the relevant authorities to ensure ongoing compliance with applicable laws and regulations; (ii) actively engage with employees to enhance their awareness and understanding of social insurance contributions and their corresponding obligations; (iii) strengthen internal control procedures by assigning dedicated personnel to conduct regular monitoring of compliance status; (iv) consult PRC legal advisors on a regular basis regarding the latest regulatory developments; and (v) provide employees with training programmes on social insurance and housing provident fund compliance.

According to PRC laws and regulations, under-contribution to social insurance may subject the employer to make up the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the amount of the shortfall. Failure to comply within the prescribed timeline may lead to fines ranging from one to three times the overdue amount. Additionally, pursuant to applicable PRC laws and regulations, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so within the time limit shall result in a fine of RMB10,000 to RMB50,000. If there is any failure to pay the full amount of housing provident fund as required, the competent housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, the relevant authorities may seek enforcement through the PRC courts. The employer might also be subject to potential labor disputes arising from such arrangements with the relevant employees. Further, pursuant to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Guidelines of the Executive Meeting of the State Council to Practically and Effectively Stabilize the Collection of Social Insurance Payments (《人力資源社會保障部辦公廳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 on September 21, 2018, by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from organizing centralized collection efforts for historical social insurance arrears.

Therefore, as advised by our PRC Legal Advisors, the likelihood of material administrative fines or other penalties being imposed against us in respect of the previously unpaid contributions is considered remote, our Directors believe that our failure to fully pay social insurance and housing provident fund payments will not have any material adverse impact on our business operations and financial condition.

Considering (i) as of the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay the shortfalls or penalties with respect to social insurance and housing provident funds; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints or material labor disputes with our employees with respect to social insurance and housing provident funds; (iii) we have obtained confirmations from competent local government authorities which confirmed that no penalties had been imposed on us with respect to social insurance and housing provident funds during the Track Record Period; (iv) we will make full contributions or pay any shortfall within the prescribed time period if demanded by the relevant government authorities; (v) we have implemented various enhanced internal control measures to ensure future compliance; (vi) we have made full social insurance and housing provident fund contributions for our employees since August 1, 2025; and (vii) Dr. Ji, our Controlling Shareholder, has undertaken to

BUSINESS

indemnify us against any shortfall in the contributions we made, and any late fees, fines or compensation, with respect to the potential liabilities arising from our underpayment of social insurance and housing provident fund. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We consider our insurance coverage to be adequate, as we maintain all the mandatory insurance policies, including the clinical trials liability insurance, required by PRC laws and regulations and in accordance with the commercial practices in our industry. We also maintain an insurance policy for our fixed assets and vehicles owned by us.

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. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors—Risks Relating to Our Operations—Our insurance coverage may not sufficiently cover the risks related to our business operations.”

ENVIRONMENTAL, SAFETY AND SOCIAL MEASURES

We are subject to various social, health, safety and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all social, health, safety and environmental protection regulations. Particularly, we believe our continued growth rests on integrating social values into our business. We intend to create a lasting positive environmental, social and governance (“ESG”) impact on our customers, suppliers and the broader community whom our operation may impact. We acknowledge our responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on our business. We are committed to complying with ESG reporting requirements upon [REDACTED].

Our Board has overall responsibility for (i) overseeing and determining our Group’s environmental, social, and climate-related risks and opportunities that impact our Group, (ii) establishing ESG related targets of our Group, (iii) adopting the ESG related policies, and (iv) reviewing our Group’s performance in ESG matters.

Environmental Protection

As of the Latest Practicable Date, we had not yet commercialized any of our drug candidates nor commenced large-scale commercial production. Currently, we manufacture certain existing drug candidates solely for research and development purposes. Consequently, our operations result in minimal air pollution, wastewater, biological solid waste, or other hazardous wastes. To ensure compliance with national, industrial, and local environmental standards, laws, regulations, and policies, we have implemented internal policies for environmental risk prevention. These policies include: (i) strict adherence to Good Manufacturing Practice (GMP) regulations and relevant pollutant emissions standards; (ii) conducting periodic environmental assessments on exhaust gas emissions, hazardous waste disposal, noise emissions, and wastewater emissions.

During the Track Record Period and up to the Latest Practicable Date, we had not received any fines or penalties associated with the breach of any environmental laws or regulations. To the best knowledge and belief of our Directors, we are not subject to material environmental liability risk and will not incur material compliance costs in the future. Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with applicable laws and regulations related to environmental protection in all material respects.

BUSINESS

Resource Consumption, Emissions and Targets

We rely on various metrics to measure the impact of our business on the environment, which are broadly aligned with industry standards. Such metrics include the amount of resource consumption, amount of waste (including wastewater and solid waste) generated and greenhouse gas emissions. We have also set various goals to reduce our environmental impact, and we continue to take significant steps toward these targets. The following table sets forth our resource use and emission-related indicators during the Track Record Period:

	Year ended December 31,	
	2024	2025
Resource consumption		
Electricity		
– Total amount (MWh)	353.0	369.5
– Intensity* (MWh/RMB million)	4.7	3.4
Water		
– Total amount (tons)	2,694	3,040
– Intensity* (t/RMB million)	35.9	27.6
Emissions		
Hazardous Solid Waste		
– Total amount (tons)	29.5	63.1
– Intensity* (t/RMB million)	0.4	0.6
Greenhouse Gas Emissions (tons of CO ₂ equivalent)		
– Scope 1 (Direct) (tons)	12.0	11.0
– Scope 2 (Indirect) (tons)	49.6	51.9
– Intensity* (t/RMB million)	0.8	0.6

Note:

* Calculated as the total amount of resource consumption or emission divided by research and development expenses of the respective period.

We exercise strict controls over three categories of R&D-related waste: laboratory animals, wastewater and solid waste. Laboratory animal carcasses and tissues are double-bagged in accordance with relevant protocols and temporarily stored in freezers; wastewater is collected and treated separately based on its classification; and solid waste is placed in dedicated, sealed and clearly labelled containers. All hazardous waste, including medical waste during pre-clinical and clinical trials is transferred to licensed third-party service providers for compliant, harmless and environmentally responsible treatment, with full-process tracking to prevent secondary contamination. Other than solid waste, which increased due to the expansion of our clinical trial activities, there is no material fluctuations on electricity and water consumption. Our operations do not involve the use or handling of any human samples. We adopt a strategy of purchasing in smaller quantities more frequently to avoid the accumulation of expired or unusable hazardous chemicals due to excessive inventory, thus reducing hazardous waste generation. We also prioritize using reagents with higher safety profiles to reduce the risk of generating hazardous waste.

All our water sources come from municipal supplies, and our business operations do not face any difficulties in obtaining water, and water resource risks have no significant impact on our operation and financial performance. Our greenhouse gas (GHG) emissions all come from Scope 2 emissions associated with purchased electricity. Scope 2 (indirect emissions) mainly includes emissions from the consumption of purchased electricity and heat, calculated in accordance with the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions in Chinese Industries issued by the National Development and Reform Commission. In alignment with China’s national carbon neutrality target, we are actively working to reduce GHG emissions generated from our operations.

BUSINESS

We continuously monitor and strive to reduce hazardous waste production. For hazardous wastes generated from R&D activities, we engage qualified third parties for disposal. We select such service providers by considering their quality, industry reputation and compliance with relevant regulatory agencies. In 2024 and 2025, we incurred costs of RMB116.2 thousand and RMB197.6 thousand, respectively, for waste disposal. These third-party service providers operate in accordance with relevant governmental laws and regulations. We are committed to ongoing efforts to protect the ecological environment during our business operations, aiming to minimize adverse environmental impacts.

Our Board will establish targets for key ESG performance indicators (KPIs) at the beginning of each financial year in accordance with Appendix C2 to the Listing Rules and other applicable regulations, including relevant national and industry environmental standards. These targets will be reviewed annually under the direct supervision of our Directors and senior management to ensure their continued relevance to our Group’s operations and strategic goals. In setting ESG-related KPIs, we will into account our historical consumption and discharge levels during the Track Record Period, as well as our future business expansion plans, with a view to balancing growth and environmental responsibility. We are committed to reducing our electricity, water, and hazardous waste consumption by 5% over the next three years.

Preclinical and Clinical Study

We have implemented a series of measures to bolster laboratory and clinical trial safety while ensuring compliance with relevant regulations. These measures include the establishment and enforcement of internal policies and procedures aimed at clinical trial safety, starting with: (a) formulating a comprehensive R&D project management policy to oversee the entire lifecycle process of drug development, encompassing preclinical studies and clinical trials; (b) implementing guidelines pertaining to employee health and safety, environmental protection, and operational safety within laboratory settings; (c) monitoring AEs associated with drugs and drug candidates during clinical trials and maintaining accurate records of these events for each trial; (d) conducting analysis of collected AEs and assessing associated safety risks; (e) reporting SAEs and potential safety risks; and (f) facilitating communication with relevant employees and CROs to ensure enforcement of clinical trial protocols.

Social Responsibilities

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We have transparent policies on recruitment, compensation, dismissal, equal opportunities, diversity and anti-discrimination. We hire employees based on their merits and it is our corporate vision to offer equal opportunities to our employees. We encourage our employees who encounter any discrimination to seek immediate assistance, which also allows us to conduct timely investigation and follow up as needed. In addition, we provide training programs on industry and regulatory developments to our employees.

PROPERTIES

Our corporate headquarters is located in Chengdu, China. We occupy certain properties in connection with our business operation. As of December 31, 2025, we did not have any single property with a book value accounting for 15% or more of our total assets. Our Directors are of the view that we are not required to set out all of our interests in land and buildings in the valuation report described in paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance according to Chapter 5 of the Listing Rules and section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we have obtained 17 property ownership certificates, through which we have acquired land use rights with a total site area of approximately 57,699.4 square meters and own properties with a total gross floor area of approximately 3,047.4 square meters, which are primarily used for our laboratories and administrative offices.

BUSINESS

Leased Properties

As of the Latest Practicable Date, we leased one property in Chengdu for R&D, with an aggregate gross floor area of approximately 903.0 square meters one property in Hefei with a total gross floor area of approximately 123.75 square metres, used for office purposes; and one property in Fuzhou with a total gross floor area of approximately 1,189.22 square metres, used for office purposes. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses required for our current business operations in the PRC had remained in full effect. We had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. During the Track Record Period and up to the Latest Practicable Date, we have not been penalized by the relevant government authorities for any non-compliance relating to maintenance and renewal of our material certificates, permits and licenses. The table below sets forth the relevant details of the material licenses we hold for our operation:

License/Permit	Issuing Authority	Date of issuance	Date of expiration
Registration certificate for enterprises engaged in the production of explosive and dangerous chemicals (易製爆危險化學品從業單位備案證明)	Wenjiang District Branch of Chengdu Public Security Bureau (成都市公安局溫江區分局)	September 9, 2019	N/A
Purchase registration certificate for Category II and Category III precursor chemicals (第二類、第三類易製毒化學品購買備案證明)	Narcotics Control Brigade of Wenjiang District Public Security Bureau of Chengdu Public Security Bureau (成都市公安局溫江區公安分局禁毒大隊)	N/A	N/A
Laboratory Animal Use Permit (實驗動物使用許可證)	Sichuan Provincial Department of Science and Technology (四川省科學技術廳)	March 22, 2024	March 21, 2029

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

BUSINESS

Compliance

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we had complied with the applicable laws and regulations in relation to our business operations in all material respects, and we were not involved in any non-compliance incidents which the Directors believe would, individually, or in aggregate, have a material adverse effect on our business as a whole. Our PRC Legal Advisors are of the view that we have obtained all required licenses and approvals for our business operations in all material respects, during the Track Record Period.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that effective risk management is critical to the success of our business operations. The key operational risks we face include, among others, changes in the general market conditions and regulatory environment of the PRC and global biopharmaceutical markets, our ability to develop, manufacture, and commercialize our drug candidates, as well as our ability to compete with other biopharmaceutical companies. See “Risk Factors” for detailed discussion of the various risks and uncertainties we confront. We also encounter diverse market risks, including credit, liquidity, interest rate, and currency risks. See “Financial Information—Quantitative and Qualitative Disclosure about Market Risk” in this document for details.

To address these challenges, we have implemented a comprehensive set of risk management policies that establish a framework to identify, assess, evaluate, and continuously monitor the key risks associated with our strategic objectives. Risks identified by our management are analyzed based on likelihood and impact, and are then properly followed up, mitigated, and rectified by our Group, meanwhile reporting to our Board of Directors. Our Directors oversee the implementation of these risk management policies.

To monitor the ongoing implementation of 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 anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and
- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong.

Internal Control

We have employed an independent internal control consultant to assess our internal control system in connection with the [REDACTED]. The internal control consultant has conducted a review procedure on our internal control system in certain aspects, including financial reporting and disclosure controls, corporate level controls, information system control management and other procedures for our operations. We had improved our internal control system by adopting and implementing the corresponding enhanced internal control measures. Going forward, we will continue to regularly review and improve these internal control policies, measures and procedures.

BUSINESS

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- Our Directors, who are responsible for overseeing the corporate governance of our Group, will, with assistance from our legal advisers, will periodically review our compliance status with all relevant laws and regulations following the [REDACTED].
- We have implemented a range of measures and procedures covering various aspects of our business operations, including related party transactions, risk management, intellectual property protection, environmental protection, and occupational health and safety. See “—Intellectual Property” and “—Environmental, Safety And Social Measures” in this document for details. As part of our employee training program, we regularly provide training on these measures and procedures to our staff.
- We plan to provide our Directors, senior management, and relevant employees with continuous training programs and updates regarding the relevant laws and regulations regularly to proactively identify any concerns and issues relating to any potential non-compliance.
- We have established a comprehensive data protection framework to safeguard patient confidentiality and ensure compliance with applicable national and international data protection and privacy regulations. Our internal policies strictly govern the collection, processing, storage, and access of personal data and medical records. Access to clinical trial data is strictly restricted to authorized personnel in accordance with GCP and relevant regulatory requirements. Both internal employees and external collaborators involved in clinical trials are subject to confidentiality obligations, and data may only be used for purposes consented to by patients.

Employees with access to confidential information are required to sign confidentiality agreements, which prohibit the misuse of such information during and after employment and require the return of all confidential materials upon resignation. We also conduct regular staff training to strengthen awareness of data security and compliance requirements.

To further enhance data protection, data transfer, and cybersecurity, we have implemented the following measures: (i) established a clinical trial data security management system to standardize internal data protection practices; (ii) conducted regular training to enhance staff awareness and compliance; (iii) upgraded information security technologies and maintained firewalls to strengthen data protection; and (iv) included data protection clauses in contracts with CROs and other partners, specifying their data protection responsibilities.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The table below sets out the key information of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Executive Directors						
Dr. Ji Jianxin (姬建新)	[50]	February 20, 2017	September 18, 2018	Executive Director, chairman of our Board, chief executive officer and general manager	Responsible for providing guidance and the formulation of business strategies for the overall management and business operation and development of our Group	None
Mr. Yang Xiangyu (楊翔宇)	[39]	February 20, 2017	January 18, 2024	Executive Director and chief operating officer	Responsible for the strategic advancement of drug research and development and the integration of R&D resources	None
Mr. Wu Zhen (吳振)	[38]	May 1, 2018	September 18, 2018	Executive Director and deputy chief operating officer	Responsible for coordinating and implementing the Company’s operational support initiatives	None
Ms. Zhang Yao (張瑤)	[31]	August 1, 2023	March 18, 2025	Executive Director and deputy head of human resources	Responsible for human resources management	None
Non-executive Directors						
Ms. Geng Xueli (耿學莉)	[44]	October 12, 2020	October 12, 2020	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	None
Mr. Du Jiangbo (杜江波)	[38]	February 3, 2021	February 3, 2021	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	None
Mr. Wang Junfeng (王俊峰)	[51]	October 12, 2020	October 12, 2020	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	None
Mr. Zhang Zhiyong (張志勇)	[36]	January 18, 2024	January 18, 2024	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	None
Independent Non-executive Directors						
Mr. Wong Jovi Chi Wing (王志榮)	[46]	July 11, 2025	July 11, 2025	Independent non-executive Director	Responsible for providing independent advice to our Board	None
Mr. Jiang He (姜和)	[68]	July 11, 2025	July 11, 2025	Independent non-executive Director	Responsible for providing independent advice to our Board	None
Ms. Lin Fangzhu (林芳竹)	[32]	July 11, 2025	July 11, 2025	Independent non-executive Director	Responsible for providing independent advice to our Board	None
Mr. Liu Zhe (劉哲)	[63]	July 11, 2025	July 11, 2025	Independent non-executive Director	Responsible for providing independent advice to our Board	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Ji Jianxin (姬建新), aged [50], has been serving as chairman of our Board and general manager of our Company since March 18, 2025 and our chief executive officer since September 18, 2018.

Dr. Ji has over 20 years of experience in the pharmaceutical industry. Prior to founding our Group, Dr. Ji joined the Chengdu Diao Pharmaceutical Group Co., Ltd. (成都地奧製藥集團有限公司), a company principally engaged in pharmaceutical research and manufacturing in June 2007, and held various positions from June 2007 to November 2016, with his last position being executive vice president. Since January 2017, Dr. Ji has been concurrently serving as a member of the CAS Venture Capital Investment Decision-making Committee (中科院創投投資決策委員會委員), where he is primarily responsible for reviewing and voting on major investment matters.

Dr. Ji has conducted in-depth research in the fields of synthetic methodology, medicinal chemistry, and molecular pharmacology. He has published over 40 papers in academic journals such as the Proceedings of the National Academy of Sciences (PNAS) and the Journal of the American Chemical Society (JACS), which have been cited more than 1,400 times. He has also applied for nearly 30 domestic and international patents. In 2007, he was recognized as an outstanding talent under the “Hundred Talents Program” (百人計劃) of the Chinese Academy of Sciences. In 2010, he was awarded the 11th “China Youth Science and Technology Award” (中國青年科技獎) by the Central Organization Department of the Communist Party of China (中共中央組織部), the China Association for Science and Technology (中國科學技術協會), and the Ministry of Human Resources and Social Security (人力資源和社會保障部). Dr. Ji served as a member of the 11th and 12th National Committee of the Chinese Youth Federation (全國青聯委員) and the 4th Central Committee of the Chinese Youth Federation of State Organs (中央國家機關青聯委員). In 2016, he was selected as a leading talent expert under the National “Ten Thousand Talents Program” (萬人計劃) by the Central Organization Department of the Communist Party of China (中共中央組織部).

Dr. Ji obtained his doctor’s degree in philosophy from the Hong Kong Polytechnic University in April 2004 and became a research assistant in chemistry at Vanderbilt University in the United States in July 2004.

Mr. Yang Xiangyu (楊翔宇), aged [39], joined our Group in February 2017 as our chief operating officer. From August 2013 to July 2016, he worked as a drug development researcher at Chengdu Diao Pharmaceutical Group Co., Ltd. (成都地奧製藥集團有限公司) (“**Diao Group**”), a company principally engaged in research and development and sales of drug products, where he was primarily responsible for drug research and development. Mr. Yang obtained his bachelor’s degree in bioengineering from the Hunan Agricultural University (湖南農業大學) in the PRC in June 2008 and a master’s degree in pharmaceutical chemistry from the University of Chinese Academy of Sciences (中國科學院大學) in the PRC in July 2013.

Mr. Wu Zhen (吳振), aged [38], joined our Group in May 2018 as our deputy chief operating officer.

From August 2011 to April 2018, he served as a sales manager at Guilin Lijia Metal Co., Ltd. (桂林濟佳金屬有限責任公司), a company principally engaged in the production of copper and copper alloy tubes, rods, bars and profiles, where he was primarily responsible for market promotion. Mr. Wu obtained his bachelor’s degree in industrial design from the Guilin University of Electronic Science and Technology (桂林電子科技大學) in the PRC in July 2011.

Ms. Zhang Yao (張瑤), aged [31], joined our Group in August 2023 as the deputy head of human resources. From July 2021 to July 2023, she worked at Sichuan Hisun Pharmaceutical Co., Ltd. (四川海思科製藥有限公司). Ms. Zhang obtained her bachelor’s degree in management from Yunnan Normal University (雲南師範大學) in the PRC in July 2017.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Ms. Geng Xueli (耿學莉), aged [44], has been appointed to our Board by SDIC Shanghai, one of our Pre-[REDACTED] investors. Ms. Geng has over 10 years of experience in the biopharmaceutical investment industry. From May 2014 to June 2014, Ms. Geng worked at Tsinghua University (清華大學). From July 2014 to November 2015, Ms. Geng worked at Beijing Zhongguan Kecheng Technology Co., Ltd. (北京中關科城科技股份有限公司), a company principally engaged in biomedicine. From March 2017 to May 2018, Ms. Geng worked at Beijing Shengshi Hongming Investment Fund Management Co., Ltd. (北京盛世宏明投資基金管理有限公司), a company principally engaged in investment, where she was primarily responsible for medical investment. From June 2018 to September 2019, Ms. Geng worked at Sany Innovation (Beijing) Investment Management Co., Ltd. (三一創新(北京)投資管理有限公司), a company principally engaged in investment. Since December 2019, she has been working at SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司), a company principally engaged in project investment and investment consulting.

Ms. Geng has also been serving as a director in several companies primarily in the biotech and pharmaceutical industries including: (i) Beijing Lingfu Biotechnology Co., Ltd. (北京靈賦生物科技股份有限公司) since July 2023; (ii) Guotong (Chengdu) New Drug Technology Co., Ltd. (國通(成都)新藥技術有限公司) since July 2023; (iii) Suzhou Yimufeng Biotechnology Co., Ltd. (蘇州易慕峰生物科技股份有限公司) since March 2023; (iv) Beijing Beilai Biotechnology Limited (北京貝來藥業有限公司) since November 2023; (v) Nanjing Xierui Clinical Research Co., Ltd. (南京曦爾瑞臨床醫學研究有限公司) since December 2023; (vi) Pyrotech (Beijing) Biotechnology Co., Ltd. (北京炎明生物科技股份有限公司) since July 2023; (vii) Ractigen Therapeutics Co., Ltd. (中美瑞康核酸技術(南通)研究院有限公司) since February 2022; (viii) Sichuan Zhishan Weixin Biotechnology Co., Ltd. (四川至善唯新生物科技股份有限公司) since January 2023; (ix) SAFE Pharmaceutical Technology Co., Ltd. (北京賽賦醫藥研究院有限公司) since January 2023; and (x) IMUNOPHARM Technology Co., Ltd. (北京藝妙神州生物醫藥股份有限公司) since February 2022.

Ms. Geng obtained her bachelor's degree in chemistry from China West Normal University (西華師範大學) in the PRC in July 2003. Ms. Geng obtained her doctor's degree in chemistry from Nankai University (南開大學) in the PRC in December 2008. Ms. Geng obtained her postdoctoral degree in chemistry from Uppsala University in Sweden in December 2011.

Mr. Du Jiangbo (杜江波), aged [38], has been appointed to our Board by Huaige Ruixin, one of our Pre-[REDACTED] investors. Mr. Du has 10 years of experience in asset and investment management. From July 2015 to December 2017, he served as a general manager of Shanghai Honglei Investment Management Company (上海弘雷投資管理公司), a company principally engaged in investment management, where he was primarily responsible for strategic planning, investment management, project execution, team management and external relations. Since January 2018, he has been serving as a partner and project investment director of Huaige Health.

Mr. Du obtained his bachelor's degree in pharmaceutical preparations from China Pharmaceutical University (中國藥科大學) in the PRC in June 2010. Mr. Du obtained his doctor's degree in pharmaceutical analysis from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) in the PRC in July 2015. He was qualified as a Certified Public Accountant (註冊會計師) by Office of the Certified Public Accountant Examination Committee of the Ministry of Finance (財政部註冊會計師考試委員會辦公室) in March 2019 and received the Legal Professional Qualification Certificate (法律職業資格) issued by the Ministry of Justice of the PRC in April 2021.

Mr. Wang Junfeng (王俊峰), aged [51], has been appointed to our Board by Junlian Xinkang, one of our Pre-[REDACTED] investors. Mr. Wang has nearly 21 years of investment management experience, especially in the field of growth investment. From April 1997 to May 2001, he worked as an assistant general manager of the key account department at Lenovo Group (聯想集團), where he was primarily responsible for system integration and IT professional services. From December 2001 to June 2002, Mr. Wang worked as a marketing manager at Great Wall Broadband Network Services Co., Ltd. (長城寬帶網絡服務有限公司), a company principally engaged in internet information services and related technical services, where he was primarily responsible for marketing, operations and product management. Since May 2004, he has been serving at Junlian Capital Management Co., Ltd. (君聯資本管理股份有限公司) with his last position as co-chief executive, a company principally engaged in capital investment, where he is primarily responsible for investment and fund management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang was previously a director of Shanghai Haihe Testing Technology Co., Ltd. (上海海荷檢測技術有限公司), a limited liability company established in the PRC, which was dissolved on July 7, 2025 due to business reorganization which resulted in cessation of business. There are no past or present relationships between the company and our Group. Mr. Wang confirmed that (i) the company was solvent immediately prior to its dissolution; (ii) no material litigations in any jurisdiction had been involved in the dissolution of the company; (iii) there was no wrongful act on his part leading to or during the dissolution of the company; and (iv) he was not aware of any claim which had been made against him as a result of such dissolution.

Since September 2016, Mr. Wang has been serving as the director of Shenzhen Colibri Technologies Co., Ltd. (深圳科瑞技術股份有限公司), a company principally engaged in research and development, design and production of industrial automation equipment, and is listed in the Shenzhen Stock Exchange (stock code: 002957). Since November 2020, Mr. Wang has been serving as a director of Beijing Visual MedTech Co., Ltd. (北京維卓致遠醫療科技股份有限公司), a company principally engaged in research and development, design, production and sales of digital surgical medical equipment and instruments, whose shares are quoted on the National Equities Exchange and Quotations (stock code: 874156). Since July 2025, Mr. Wang has been serving as a director of Tianjin Mnchip Technologies Co. Ltd (天津微納芯科技股份有限公司), a company principally engaged in research and development and innovative application of microfluidic technology, whose shares are quoted on the National Equities Exchange and Quotations (stock code: 874674).

Mr. Wang has also been serving as a director in several companies primarily in the biotech and pharmaceutical industries including: (i) Yeasen Biotechnology (Shanghai) Co., Ltd. (翌聖生物科技(上海)股份有限公司) since June 2021; (ii) Tianjin Haihe Biomedical Technology Group Co., Ltd. (天津海河生物醫藥科技集團有限公司) since November 2022; (iii) Shanghai Ligetai Biotechnology Co., Ltd. (上海利格泰生物科技股份有限公司) since April 2023; (iv) Guangzhou Jiajian Biotechnology Co., Ltd. (廣州佳鑒生物技術有限公司) since May 2023; (v) Spectrumedics Medical Technology (Shanghai) Co., Ltd. (譜創醫療科技(上海)有限公司) since May 2024; (vi) Shanghai Tengrui Pharmaceutical Co., Ltd. (上海騰瑞製藥股份有限公司) since June 2024; and (vii) Tianjin Haihe Ruicheng Medical Instrument Technology Co., Ltd. (天津海河瑞誠醫療器械科技有限公司) since May 2025. Mr. Wang currently serves as the director of several companies primarily in the biotech and pharmaceutical industries, including Shanghai Tengrui Pharmaceutical Co., Ltd. (上海騰瑞製藥股份有限公司) and Shanghai Ligetai Biotechnology Co., Ltd. (上海利格泰生物科技股份有限公司). Mr. Wang obtained his bachelor's degree of polymer chemistry from Lanzhou University (蘭州大學) in the PRC in June 1995. Mr. Wang obtained his master's degree of business administration in international finance from McMaster University in Canada in June 2004. Mr. Wang obtained his master's degree of business administration at the Tsinghua University (清華大學) in the PRC in July 2019.

Mr. Zhang Zhiyong (張志勇), aged [36], has been appointed to our Board by Jiangjin Fund, one of our Pre-[REDACTED] investors.

From August 2012 to November 2015, he worked at Shenzhen Branch of Agricultural Bank of China Co., Ltd. (中國農業銀行股份有限公司). From June 2016 to June 2020, he worked as a manager at the fund investment department of Yibai Nian (China) Investment Co., Ltd. (逸百年(中國)投資有限公司), a company principally engaged in private equity investment, where he was primarily responsible for fund and project investment. From August 2020 to April 2022, he served as a director of the investment development department of Chongqing Performing Arts Co., Ltd. (重慶演藝股份有限公司), a company principally engaged in cultural performances, where he was primarily responsible for the company's IPO listing. Since May 2022, he has been serving as a director of the investment department of Huada (Chongqing) Private Equity Investment Fund Management Co., Ltd. (華達(重慶)私募股權投資基金管理有限公司), a company principally engaged in private equity investment, where he is primarily responsible for the investment management. Mr. Zhang obtained his bachelor's degree in finance from the Guangdong University of Finance (廣東金融學院) in the PRC in July 2012.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Wong Jovi Chi Wing (王志榮), aged [46], was appointed as our independent non-executive Director on July 11, 2025, effective from the [REDACTED].

Mr. Wong has over 21 years of experience of corporate finance, investment and asset management experience. From December 2002 to February 2010, Mr. Wong worked in Auto22.com Ltd, an online automobile trading platform, and his last position was general manager. From June 2010 to June 2013, Mr. Wong served various positions at the corporate finance division of Haitong International Capital Limited. From June 2013 to July 2014, Mr. Wong served as the associate at the corporate finance department of China Merchants Securities (HK) Co., Ltd. From July 2014 to March 2018, Mr. Wong served as the director of distribution department of Janus Henderson Investors (Hong Kong) Limited, an asset management company. From April 2018 to March 2022, Mr. Wong served as an executive director of Wonder Capital Group Limited, an investment management company. From April 2022 to October 2023, Mr. Wong served as the managing director of Seazen Resources Capital Investment Management Limited, a company principally engaged in proprietary investment and asset management. Since June 2019, Mr. Wong has been serving as an independent non-executive director in Dalipal Holdings Limited, a company listed on the Stock Exchange (stock code: 1921), principally engaged in the production of special pipes. Since January 2024, Mr. Wong has been serving as an independent non-executive director in Golden Faith Group Holdings Limited, a company listed on the Stock Exchange (stock code: 2863), principally engaged in investment holding. Mr. Wong obtained his bachelor’s degree in science from The University of Auckland in New Zealand in 2003, and his master’s degree in business administration from the Hong Kong University of Science & Technology in 2010. He is also a member of CPA Australia.

Mr. Jiang He (姜和), aged [68], was appointed as our independent non-executive Director on July 11, 2025, effective from the [REDACTED]. From March 1985 to September 1987, Mr. Jiang was a lecturer at the Third Military Medical University (第三軍醫大學), where he was primarily responsible for teaching and participating in research projects on Plateau medicine. From July 1994 to December 1998, Mr. Jiang worked as a post-doctoral researcher at National Institutes of Health (國立衛生研究院), where he was primarily responsible for scientific research and research paper writing. From July 2002 to March 2012, he was the co-founder, director and chief executive officer of Chongqing Frontier Biotechnology Co., Ltd. (重慶前沿生物技術有限公司), a company primarily engaged in innovative drug development, where he was primarily responsible for financing, establishing the team and managing the development of antiviral drugs. From February 2006 to June 2014, he was the co-founder, director and general manager of Chengdu Frontier BioSciences Co., Ltd. (成都海圻生物技術有限公司), a preclinical contract research organization, where he was primarily responsible for business development, team management and daily operations. Since July 2015, he has been serving as the founder, chairman and chief executive officer of Chengdu Future Health Technology Co., Ltd. (成都賦智健康科技有限公司), a company principally engaged in health promotion and disease prevention, where he was primarily responsible for investment, financing, project management, new drug programs and international collaborations. Mr. Jiang obtained his bachelor’s degree in medicine from Southwest Medical University (西南醫科大學) in the PRC in July 1982. He obtained his master’s degree in medicine from the Third Military Medical University (第三軍醫大學) in the PRC in January 1985. He obtained his doctor’s degree in philosophy from the University of Manitoba in Canada in July 1994. He was awarded the Golden Award issued by the Chinese Patent and Trademark Office (中國國家專利局發明專利金獎) in 2023.

Ms. Lin Fangzhu (林芳竹), aged [32], was appointed as our independent non-executive Director on July 11, 2025, effective from the [REDACTED]. From October 2018 to December 2023, she worked as a senior auditor at Deloitte, where she was primarily responsible for audit projects of listed companies in the pharmaceutical and consumer industries. Since December 2023, she has been working at China Resources Snow Breweries Co., Ltd. (華潤雪花啤酒(中國)有限公司), where she is primarily responsible for financial reporting and disclosure.

Ms. Lin obtained her bachelor’s degree in biopharmaceutical engineering from Shandong University in the PRC in June 2016, and obtained her master’s degree in drug design from University College London in the United Kingdom in November 2017. She was qualified as a Certified Public Accountant (註冊會計

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

師) by the Certified Public Accountant Examination Committee of the Ministry of Finance of the PRC (中華人民共和國財政部註冊會計師考試委員會) in November 2022 and obtained the qualification of Intermediate Accountant (中級會計師) from the Ministry of Finance of the PRC (中華人民共和國財政部) and the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in December 2022.

Mr. Liu Zhe (劉哲) (formerly named as Liu Jifang (劉繼芳)), aged [63], was appointed as our independent non-executive Director on July 11, 2025, effective from the [REDACTED]. From July 1988 to September 1997, he taught at the Commercial Law Teaching and Research Department of Northwest University of Political Science, where he was engaged in the teaching and research of company law and contract law. From July 2000 to March 2004, he worked as a legal executive in the legal department of CITIC Group, where he was primarily responsible for internal control and legal compliance management. Since July 2006, he has been a practicing lawyer in the PRC and a partner of King & Capital Law Firm.

Mr. Liu obtained his bachelor’s degree in law from Northwest University of Politics and Law (西北政法大學) in the PRC in June 1985 and obtained both his master’s degree in law and doctor’s degree in law from China University of Political Science and Law (中國政法大學) in the PRC in June 1988 and June 2000. He obtained the national legal professional qualification certificate (國家法律職業資格證書) and the lawyer qualification certificate (律師執業資格證書) issued by the Ministry of Justice of the PRC in February 2008 and May 2009, respectively.

Save as disclosed above and in this document, each of our Directors has confirmed that he/she has no other relationship with any other Directors, Supervisors, senior management, substantial Shareholders or Controlling Shareholders of our Company and none of our Directors has held any other directorships in listed companies during the three years immediately preceding the date of this document. Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. Each of our Directors has confirmed that he/she has obtained the legal advice on July 31, 2025 with regards to the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as set out in Rule 3.09D of the Listing Rules and he/she understood his/her obligations as a director of a listed issuer. Each of our independent non-executive Directors has confirmed his/her independence with regards to each of the factors as set out in Rule 3.13(1) to (8) of the Listing Rules and that there are no other factors that may affect his/her independence at the time of his appointment.

SUPERVISORS

Pursuant to the PRC Company Law, our Shareholders passed a resolution at our general meeting held on July 11, 2025 to abolish the supervisory committee of the Company effective upon [REDACTED]. Following the abolishment of the supervisory committee, the principal functions of the supervisory committee has been replaced by the Audit Committee. As advised by our PRC Legal Advisors, the abolishment of the supervisory committee will be exercised in compliance with the PRC Company Law, the Guidelines on Articles of Association for Listed Companies, and other relevant PRC laws and regulations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth certain information regarding our Supervisors:

Name	Age	Date of joining our Group	Date of appointment as Supervisor	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Tang Gaojia (唐高嘉)	[42]	April 18, 2018	March 18, 2025	President of the Supervisory Committee, Supervisor and head of quality department	Responsible for presiding the work of the Supervisory Committee and supervising and providing independent advice to our Board	None
Ms. Wang Liqun (汪麗群)	[31]	March 10, 2021	March 18, 2025	Supervisor and head of administration department	Responsible for supervising and providing independent advice to our Board	None
Ms. Guo Qi (郭琦)	[32]	October 24, 2024	November 5, 2025	Supervisor and Registration supervisor	Responsible for supervising and providing independent advice to our Board and the registration and submission of innovative drugs	None

Mr. Tang Gaojia (唐高嘉), aged [42], was appointed as our Supervisor and the president of the Supervisory Committee on March 18, 2025.

Mr. Tang has over 14 years of experience in quality inspection. From October 2009 to March 2010, Mr. Tang worked at Sinopharm Holdings Sichuan Professional Pharmacy Chain Co., Ltd. (國藥控股四川專業藥房連鎖有限公司), a company principally engaged in sales of drugs and medical services. From June 2010 to November 2010, Mr. Tang worked at Sichuan Pharmaceutical Preparation Co., Ltd. (四川製藥製劑有限公司), a company principally engaged in sales and production of injections and healthcare products. From December 2010 to October 2011, Mr. Tang worked at Jianjin Pharmaceutical Co., Ltd. (健進製藥有限公司), a company principally engaged in the research and development and commercialization of small molecule chemical drugs. From November 2011 to October 2012, Mr. Tang worked at Chengdu Shengdi Pharmaceutical Co., Ltd. (成都盛迪醫藥有限公司). From November 2012 to April 2018, Mr. Tang worked as a quality analyst and subsequently as a quality manager at Chengdu Ruizhi Chemical Research Co., Ltd. (成都睿智化學研究有限公司), where he was primarily responsible for carrying out quality analysis in new drug declaration, and establishment and operation of analytical laboratory quality systems. Since April 2018, Mr. Tang has been working as the head of quality department at our Company, where he is primarily responsible for the quality analysis of new drug applications, the operation of analytical laboratories and related work in the quality system. Mr. Tang obtained his bachelor’s degree in pharmacy from Chengdu University of Traditional Chinese Medicine (成都中醫藥大學) in the PRC in June 2007.

Ms. Wang Liqun (汪麗群), aged [31], was appointed as our Supervisor on March 18, 2025. From November 2018 to February 2021, Ms. Wang worked as an audit assistant at Sichuan Jiahui Accounting Firm (四川嘉匯會計師事務所), where she was primarily responsible for auditing and supervisory work, and preparing audit reports. Since March 2021, Ms. Wang has been working as the head of administration department at our Company, where she was primarily responsible for the banking and administration of our Company. Ms. Wang obtained her bachelor’s degree in accounting from the Panzhihua University (攀枝花學院) in the PRC in June 2018.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Guo Qi (郭琦), aged [32], was appointed as our Supervisor on November 5, 2025. From August 2019 to July 2021, Ms. Guo worked at Ningbo Krka Menovo Pharmaceutical Co., Ltd. (寧波科爾康美諾華藥業有限公司), a company principally engaged in the pharmaceutical research and development. From July 2021 to September 2024, Ms. Guo worked at Shandong Bestcomm Pharmaceutical Company Limited (山東百諾醫藥股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 874718) and principally engaged in the pharmaceutical research and development. Ms. Guo joined our Company as a registration supervisor in October 2024, where she is primarily responsible for the full lifecycle of registration and application for innovative drugs. Ms. Guo obtained her bachelor’s degree in chemistry from Yunnan University (雲南大學) in the PRC in June 2016. Ms. Guo obtained her master’s degree in pharmaceutical chemistry from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) in the PRC in June 2019.

Save as disclosed above and in this document, each of our Supervisors has confirmed that he/she has no other relationship with any Directors, Supervisors, senior management, substantial Shareholders or Controlling Shareholders of our Company and none of our Supervisors has held any other directorships in listed companies during the three years immediately preceding the date of this document. Save as disclosed above, each of our Supervisors has confirmed that there are no other matters relating to his/her appointment as a Supervisor that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our senior management includes Dr. Ji, Mr. Yang Xiangyu, Mr. Wu Zhen, Ms. Zhang Yao, all of whom are our executive Directors, and the following members:

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. Guo Na (郭娜)	[44]	May 1, 2018	May 1, 2018	Head of research and development	Responsible for research and development of innovative drugs	None
Mr. Du Fengtian (杜鋒田)	[43]	February 25, 2017	February 25, 2017	Deputy head of research and development	Responsible for preclinical research and development	None
Mr. Luo Shuai (羅帥)	[34]	January 4, 2021	January 4, 2023	Head of project department	Responsible for management of project department	None
Ms. Zhang Jingjie (張菁潔)	[32]	September 14, 2023	September 14, 2023	Chief financial officer, Board secretary and joint company secretary	Responsible for the overall supervision and management of financial and accounting affairs and company secretarial matters of our Group	None

Ms. Guo Na (郭娜), aged [44], joined our Group in May 2018 and has been serving as our head of research and development. Ms. Guo is proficient in preclinical and clinical research and has rich project management experience. From July 2012 to February 2018, Ms. Guo served as the head of the chemical innovative drug research laboratory and director of the research laboratory of Diao Group, where she was primarily responsible for the research and development of innovative drugs.

Ms. Guo obtained her bachelor’s degree in chemistry from Yunnan University (雲南大學) in the PRC in July 2004. Ms. Guo obtained her master’s degree in medicinal chemistry from Kunming Institute of Botany, Chinese Academy of Sciences (中國科學院昆明植物所) in the PRC in July 2008. Ms. Guo obtained her doctor’s degree in medicinal chemistry from the Chengdu Institute of Biology, Chinese Academy of Sciences (中國科學院成都生物研究所) in the PRC in July 2012.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Du Fengtian (杜鋒田), aged [43], joined our Group in February 2017 and has been serving as our deputy head of research and development. From April 2013 to July 2017, Mr. Du worked as an assistant researcher at Chengdu Institute of Biology, Chinese Academy of Science (中國科學院成都生物研究所), where he was primarily responsible for research in medical chemistry. Mr. Du obtained his bachelor’s degree in engineering from Southwest University of Science and Technology (西南科技大學) in the PRC in June 2007. Mr. Du obtained doctor’s degree in science from Graduate School of the Chinese Academy of Sciences (中國科學院研究生院) in the PRC in July 2012.

Mr. Luo Shuai (羅帥), aged [34], joined our Group in January 2021 and served as a synthesis researcher from January 2021 to January 2023. He has been the head of project department since January 2023. Mr. Luo obtained his bachelor’s degree in science and doctor’s degree in science from the Sichuan University (四川大學) in the PRC in June 2013 and June 2022, respectively.

Ms. Zhang Jingjie (張菁潔), aged [32], joined our Group as our chief financial officer and Board secretary in September 2023. From October 2019 to September 2023, Ms. Zhang worked as a senior auditor of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)), where she was primarily responsible for providing IPO listing services and annual audit report services for listed companies. Ms. Zhang obtained her bachelor’s degree in business from Chengdu University of Technology (成都理工大學) in the PRC in June 2015. Ms. Zhang obtained her master’s degree in political economics from Sichuan University (四川大學) in the PRC in June 2019. Ms. Zhang obtained the award of Career Mentor at School of Business, Chengdu University of Technology (成都理工大學商學院職業導師) issued by School of Business, Chengdu University of Technology (成都理工大學商學院) in June 2025.

JOINT COMPANY SECRETARIES

Ms. Zhang Jingjie (張菁潔), was appointed as one of our joint company secretaries on June 25, 2025. She is our chief financial officer and Board secretary. For her biography, see “—Senior Management” in this section.

Ms. Ma Wing Yee (馬詠儀) was appointed as our joint company secretary on August 20, 2025. Ms. Ma is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 10 years of experience in corporate governance and company secretarial practice in listed companies on the Stock Exchange. Ms. Ma obtained her bachelor of arts from the University of Hong Kong. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

Audit Committee

We [have] established the Audit Committee on [●] pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “CG Code”). The Audit Committee consists of Ms. Lin Fangzhu, Mr. Jiang He and Mr. Liu Zhe. Ms. Lin Fangzhu is the chairlady of the Audit Committee and has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The primary duties of the Audit Committee include, but not limited to (i) handling of the relationship with external auditors, including advising our Board on their appointment and removal, monitoring their audit process and developing the relevant policies; (ii) reviewing and providing advice on our financial information; (iii) overseeing our financial reporting

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

system, risk management and internal control systems; (iv) performing our corporate governance functions; and (v) performing other duties and responsibilities as assigned by our Board and/or required by the relevant laws and regulations.

Remuneration and Appraisal Committee

We [have] established the Remuneration and Appraisal Committee on [●] pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E. 1 of Part 2 of the CG Code. The Remuneration and Appraisal Committee consists of Ms. Lin Fangzhu, Dr. Ji Jianxin and Mr. Jiang He. Ms. Lin Fangzhu is the chairlady of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but not limited to (i) making recommendations to our Board on our policy and structure for remuneration of our Directors and senior management; (ii) determining, reviewing and approving the remuneration packages of each executive Director and senior management; (iii) making recommendations to our Board on the remuneration of non-executive Directors; (iv) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other employees of our Group; (v) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

We [have] established the Nomination Committee on [●] pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of Dr. Ji Jianxin, Mr. Jiang He and Ms. Lin Fangzhu. Dr. Ji Jianxin is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are (i) reviewing the structure, size and composition of our Board at least annually; (ii) identifying individuals suitably qualified to become Directors and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; and (iv) making recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors.

BOARD DIVERSITY POLICY

Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit against objective criteria, having due regard to the benefits of diversity and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time.

Our Board has a balanced mix of knowledge, skills and experience, including but not limited to biotechnology, pharmaceutical research and development, corporate operation management, corporate financial management, auditing, investment management, asset management, and sales and marketing. Members of our Board have obtained degrees in various majors including philosophy, bioengineering, engineering, management, chemistry, pharmaceutical preparations, pharmaceutical analysis, polymer chemistry, business administration, finance, science, medicine and law. We have four independent non-executive Directors from different backgrounds, including accounting, engineering, investment and law. Furthermore, our Directors are of a wide range of age, from 31 years old to 68 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises of three female Directors and nine male Directors and expects to maintain the same gender mix in the Board upon [REDACTED]. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board should aim to increase the proportion of female members over time after [REDACTED] where possible

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives and the progress on achieving these objectives, in our corporate governance report on an annual basis.

COMPETITION

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our 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 pharmaceutical and healthcare industries. However, as these non-executive Directors are neither our Controlling Shareholders nor members of our executive management team, we believe that their interests in such companies as directors would not render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we have entered into with our senior management and other key personnel.

Confidentiality

The employee shall keep in confidence and shall not disclose our trade secrets, until the trade secret is actually in the public domain other than as a result of the employee’s breach of the duty of confidentiality. The employees shall use all confidential information only for work purposes and shall not disclose, copy or otherwise use any confidential information for any other purpose.

Non-competition

Within five years from the date of the employee’s departure (the “**Non-compete Period**”), the employee shall not, directly or indirectly, (i) set up, operate or participate in the business of our competitors; (ii) work for, provide financial support, guarantees or advice to our competitors; (iii) engage in any activity similar to our business; (iv) cause, assist or encourage any of our other employees to terminate their employment with us; or (v) employ any of our other employees.

Invention for Hire

The rights and interests in any invention, utility model, design, copyright and other forms of intellectual property rights, including but not limited to those produced by the employee: (i) in the performance of his/her work duties or assigned tasks during his/her employment or within one year from the date of the employee’s departure; or (ii) mainly using our physical and technological conditions, including but not limited to capital, equipment, component, raw materials, know-how or confidential information, shall belong to us.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company (a) before the publication of any regulatory announcement, circular or financial report; (b) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including shares issues, sales or transfers of treasury shares and share repurchases; (c) where our Company proposes 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 (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares under Rule 13.10 of the Listing Rules. The term of the appointment shall commence on the [REDACTED] and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED].

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability. Our Company has adopted the code provisions stated in the Corporate Governance Code.

Our Company is committed to the view that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment. It is expected that our Group will be able to continue to comply with the code provisions in the Corporate Governance Code upon the [REDACTED].

Except for the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code, our Company’s corporate governance practices have complied with the Corporate Governance Code as at the Latest Practicable Date. Paragraph C.2.1 of Part 2 of the Corporate Governance Code stipulates that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. Dr. Ji currently is serving as the chairman of the Board as well as the general manager (which is equivalent to chief executive) of our Company. In view that Dr. Ji has been assuming day-to-day responsibilities in operating and managing our Group since 2017 and the development of our Group, our Board believes that with the support of Dr. Ji’s extensive experience and knowledge in the business of our Group, vesting the roles of both chairman and general manager of our Company in Dr. Ji strengthens the consistent and solid leadership of our Group, and thereby allows for efficient business planning and decision which is in the best interest to our Group as a whole. Our Board will continue to review and consider splitting the roles of executive chairman of our Board and the general manager of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Our Directors consider that the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, our Board is also of the view that the current management structure is effective for our Group’s operations, and sufficient checks and balances are in place. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of our Board and general manager is necessary.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Dr. Ji was entitled to exercise approximately 57.50% voting rights in our Company through (i) 12,424,624 Shares directly held by him, representing approximately 20.71% voting rights in our Company; (ii) 19,971,379 Shares through Chengdu Wenshao, of which Dr. Ji is the general partner, representing approximately 33.29% voting rights in our Company; and (iii) 2,097,440 Shares through Suzhou Jishitang, of which Dr. Ji is the general partner, representing approximately 3.50% voting rights in our Company. Suzhou Jishitang is our employee incentive platform and is managed by Dr. Ji.

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Dr. Ji will be directly and indirectly entitled to exercise approximately [REDACTED]% voting rights in our Company. Therefore, pursuant to the Listing Rules and the Guide for New Listing Applicants, Dr. Ji, Chengdu Wenshao and Suzhou Jishitang will be regarded as a group of Controlling Shareholders upon [REDACTED].

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders has confirmed that, as of the Latest Practicable Date, none of them or any of their respective close associates had interests in any business, apart from the business of our Company, which competes, or is likely to complete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Management Independence

Our Board comprises of four executive Directors, four non-executive Directors and four independent non-executive Directors. None of our Directors or members of our senior management team (other than members of our Controlling Shareholders themselves) hold any position in the businesses of our Controlling Shareholders or their respective close associates.

Our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group.

Each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

We have appointed four independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Matters including connected transactions are required to be referred to our independent non-executive Directors for review and approval. In addition, we have adopted a series of corporate governance measures to manage conflicts of interests, if any, between our Group and our Controlling Shareholders which would support our independent management. See “—Corporate Governance Measures” in this section.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational Independence

We have full rights to make all decisions on and to carry out our own business operations independently. Our Group holds the relevant licenses, approvals and permits from the relevant regulatory authorities that are material to our operations. We have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their respective close associates. We also have independent access to our customers and suppliers and an independent management team to operate our business.

Based on the above, our Directors are of the view that our Group is capable of operating independently from our Controlling Shareholders and their respective close associates following the completion of the [REDACTED].

Licenses required for operation

We hold all relevant licenses necessary to carry on our current business independently from our Controlling Shareholders and/or their respective close associates.

Research and development

We have our own R&D platform and personnel which are independent from our Controlling Shareholders and their respective close associates. As of December 31 2025, our R&D team consisted of 93 members, who were all full-time employees of our Group and did not hold any position in our Controlling Shareholders or their respective close associates. In addition, our Group owns 29 registered patents in China and overseas which are necessary for our R&D and operations. With such independent R&D platforms, an experienced and independent R&D team, independent supporting manufacturing capabilities and self-owned patents, our Directors believe that we have all the requisite resources to carry on our R&D process independently.

Access to customers and suppliers

We have independent access to our customers and suppliers. Our customers and suppliers bases are diversified and unrelated to our Controlling Shareholders and their respective close associates.

Operational facilities and administration

As of the Latest Practicable Date, our Company operated and maintained properties, facilities and equipment necessary to our business operations that are independent from our Controlling Shareholders and their respective close associates.

Employees

As of the Latest Practicable Date, all of our employees were recruited independently from our Controlling Shareholders and their respective close associates and primarily through both internal referrals and external sources such as recruiting websites and third-party recruiters.

Based on the reasons above, our Directors are of the view that we have full rights to make all decisions on, and to carry out, our own business operations independently from our Controlling Shareholders and their respective close associates and will continue to do so after the [REDACTED].

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. We also have our own internal control and accounting systems, accounting and finance department for discharging the treasury function, which are all independent from our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that we are able to conduct our business independently from our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence and would not place undue reliance on our Controlling Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it has fully comprehended his/its obligations to act for the benefit and in the best interests of our Shareholders as a whole. Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) we are committed that our Board should include a balanced composition with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see “Directors, Supervisors and Senior Management—Board of Directors—Independent Non-executive Directors” in this document;
- (c) we have established internal control mechanisms to identify conflict of interest and connected transactions. Upon and after the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (d) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance; and
- (e) upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or their respective associates, our Company will comply with the Listing Rules. In addition, as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately prior to and following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (without taking into account any H shares which may be issued pursuant to the exercise of the [REDACTED]), the following persons will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us 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 types of our issued voting shares of any member of our Group:

LONG POSITIONS IN SHARES OF OUR COMPANY

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date ⁽¹⁾			Shares held immediately following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares ⁽¹⁾			
		Type of Shares	Number	Percentage of shareholding in the relevant type of Shares (approx.)	Type of Shares ⁽²⁾	Number	Percentage of shareholding in the relevant type of Shares (approx.)	Percentage of shareholding in the total issued share capital ⁽³⁾ (approx.)
Dr. Ji.	Beneficial owner	Unlisted Shares	12,424,624 (L)	20.71%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
	Interest in controlled Corporations ⁽⁴⁾⁽⁵⁾	Unlisted Shares	22,068,819 (L)	36.78%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
Chengdu Wenshao.	Beneficial owner ⁽⁴⁾	Unlisted Shares	19,971,379 (L)	33.29%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
Suzhou Jishitang	Beneficial owner ⁽⁵⁾	Unlisted Shares	2,097,440 (L)	3.50%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
SDIC Shanghai	Beneficial owner	Unlisted Shares	5,520,100 (L)	9.20%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
Junlian Xinkang.	Beneficial owner	Unlisted Shares	4,246,253 (L)	7.08%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
Huada PE.	Interest in controlled Corporations ⁽⁶⁾	Unlisted Shares	3,999,969 (L)	6.67%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
Jiangjin Fund	Beneficial owner ⁽⁶⁾	Unlisted Shares	2,222,218 (L)	3.70%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%
Chengyu Tuanjiehu Fund	Beneficial owner ⁽⁶⁾	Unlisted Shares	1,777,751 (L)	2.96%	[REDACTED]	[REDACTED] (L)	[REDACTED]%	[REDACTED]%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- (3) The calculation is based on the total number of [REDACTED] H Shares in issue immediately after completion of the [REDACTED] (assuming no exercise of the [REDACTED]) and the Conversion of Unlisted Shares into H Shares.
- (4) Dr. Ji is the general partner of Chengdu Wenshao, holding approximately 71.79% partnership interests therein. Therefore, under the SFO, Dr. Ji is deemed to be interested in Shares held by Chengdu Wenshao.
- (5) Dr. Ji is the general partner of Suzhou Jishitang, our employee incentive platform under the Pre-[REDACTED] Share Incentive Scheme. Therefore, under the SFO, Dr. Ji is deemed to be interested in Shares held by Suzhou Jishitang. For details of Suzhou Jishitang, see “History, Development and Corporate Structure—Employee Incentive Platforms.”
- (6) Huada PE is the general partner of each of Jiangjin Fund and Chengyu Tuanjiehu Fund. Therefore, under the SFO, Huada PE is deemed to be interested in Shares held by Jiangjin Fund and Chengyu Tuanjiehu Fund in aggregate.

Except as disclosed above, our Directors are not aware of any person will, immediately prior to and following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (without taking into account any H shares which may be issued pursuant to the exercise of the [REDACTED]), have interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us 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 types of our issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

As of the Latest Practicable Date, the registered share capital of our Company was RMB59,999,605, divided into 59,999,605 Unlisted Shares, with a nominal value of RMB1.00 each.

The share capital of our Company immediately after the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares will be as follows:

Assuming the [REDACTED] is not exercised:

Number of Shares	Description of Shares	Percentage to total share capital
[REDACTED]	H Shares converted from Unlisted Shares	[REDACTED]%
[REDACTED]	H Shares to be issued under the [REDACTED]	[REDACTED]%
[REDACTED]	Total	100.00%

Assuming the [REDACTED] is exercised in full:

Number of Shares	Description of Shares	Percentage to total share capital
[REDACTED]	H Shares converted from Unlisted Shares	[REDACTED]%
[REDACTED]	H Shares to be issued under the [REDACTED]	[REDACTED]%
[REDACTED]	Total	100.00%

ASSUMPTIONS

The above table assumes that the [REDACTED] has become unconditional and the H Shares are issued pursuant to the [REDACTED].

RANKING

Upon the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares, our Shares will consist of H Shares only.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded between legal or natural PRC persons.

Both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association. Unlisted Shares and H Shares shall carry the same rights in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividend for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders’ general meetings are required, see “Appendix III—Summary of Articles of Association” to this document.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the holders of Unlisted Shares may, at their own discretion, authorize the Company to file with the CSRC for conversion of their Unlisted Shares into overseas-listed Shares. Such converted Shares could be [REDACTED] or [REDACTED] as H Shares on the Stock Exchange, provided that prior to the conversion and [REDACTED] of such H Shares, any requisite internal approval process has been duly completed and all the filing procedures with the relevant regulatory authorities, including CSRC which requires administrative filing procedures for the conversion and [REDACTED] of such converted Shares, have been consummated. In addition, such conversion and [REDACTED] shall comply with the regulations, requirements and procedures prescribed by the Stock Exchange.

Filing with the CSRC and Full Circulation Application

In accordance with the Overseas Listing Trial Measures and related guidelines announced by the CSRC, H-share listed companies which apply for the conversion of unlisted shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. An H-share listed company may apply for a “Full Circulation” separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for “Full Circulation” when applying for an overseas [REDACTED].

We [have filed] with the CSRC for the conversion of Unlisted Shares into H Shares in respect of the registration of the overseas listing and “Full Circulation”, pursuant to which (i) our Company is supposed to issue no more than [REDACTED] H Shares (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) with a nominal value of RMB1.00 each, which are all ordinary Shares, and upon such issuance our Company may be listed on the Main Board of the Stock Exchange; (ii) a total of [REDACTED] Unlisted Shares (with a nominal value of RMB1.00 each) held by our existing Shareholders (the “Participating Shareholders”) are supposed to be converted into H Shares on a one-for-one basis after the [REDACTED], and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion.

[REDACTED] Approval by the Stock Exchange

We [have applied] to the Stock Exchange for the approval for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from [REDACTED] Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (a) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (b) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. The Participating Shareholders may only [REDACTED] the Shares upon completion of following domestic procedures.

SHARE CAPITAL

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

The PRC Company Law provides that in relation to the [REDACTED] of a company, the shares issued prior to the [REDACTED] shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to such statutory restriction and not be transferred within a period of one year from the [REDACTED].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons hold in our Company cannot be transferred within one year from the [REDACTED], nor within half a year after they leave their positions as Directors or members of the senior management in our Company.

[REDACTED]

INCREASE IN SHARE CAPITAL

Pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the [REDACTED] of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Unlisted Shares on the condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. See “—Ranking” in this section.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC, the domestic shareholders of Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Unlisted Shares involved in the application is completed.

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for our Company to issue H Shares and seek the [REDACTED] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders’ general meeting held on July 11, 2025.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information included in “Appendix I—Accountants’ Report” to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see “Forward-looking Statements” and “Risk Factors.”

OVERVIEW

We are a clinical-stage biotech company founded by a team of industrial experts in 2017, dedicated to researching and developing therapies for autoimmune, metabolic and oncology diseases. We have three Core Products—HJ787, HJ178 and HJ891—all of which are self-developed, small-molecule NMPA Category 1 innovative drugs. HJ787, is a selective TYK2 inhibitor intended for the topical treatment of mild-to-moderate atopic dermatitis (AD), mild-to-moderate acne vulgaris (AV), neurodermatitis (ND) and psoriasis (Ps) and the oral treatment of AD, ND and Ps in the autoimmune sector, HJ178, is an orally available agent acting on GLP-1 and GIP, intended for type 2 diabetes and potentially overweight or obesity in the metabolic sector. HJ891 is an oral a KRAS^{G12C} inhibitor intended for the treatment of non-small-cell lung cancer (NSCLC) with KRAS^{G12C} mutation that has progressed following first-line standard therapies as monotherapy and non-squamous NSCLC with KRAS^{G12C} mutation as first-line combination therapy, in the oncology sector. As of the Latest Practicable Date, we also had one clinical-stage drug candidate HJ197 and five preclinical drug candidates HJ356, HJ093, HJ199, HJ198 and HJ086, all of which are also self-developed, small-molecule NMPA Category 1 innovative therapies.

We currently have no products approved for commercial sales and was loss-making during the Track Record Period. We incurred losses of RMB202.3 million and RMB135.1 million in 2024 and 2025, respectively. We incurred losses during the Track Record Period primarily due to significant amount of research and development expenses as well as loss from changes in fair value of financial instruments with preferred rights. In 2024 and 2025, our revenue was RMB1.8 million and RMB13.0 million, respectively, all of which were derived from our out-license and collaboration agreements.

BASIS OF PREPARATION AND PRESENTATION

Our Company was incorporated in the PRC on February 20, 2017 as a limited liability company. On March 18, 2025, our Company was converted into a joint stock company with limited liability under the Company Law of the PRC. See “History, Development and Corporate Structure—Our Corporate Developments.”

Our historical financial information has been prepared based on the accounting policies which conform with IFRS Accounting Standards. Our historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss (“FVTPL”) and financial instruments with preferred rights, which have been measured at fair value. For the purpose of preparing and presenting our historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period. Further details of the material accounting policies adopted are set out in Note 4 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations, financial condition and cash flows include the following:

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

The success of our business and results of operations rely on our ability to advance our drug development programs, demonstrate satisfactory safety and efficacy in clinical trials, obtain the necessary regulatory approvals, and launch our products in our target markets as planned. As of the Latest Practicable Date, we had four drug candidates in clinical stage and five drug candidates in the preclinical stage. See “Business—Our Drug Candidates” for more details. The continued advancement of our drug candidates through clinical trials and the regulatory approval process toward commercialization is crucial to our sustained business growth. After our drug candidates are commercialized, our business and results of operations will depend on the market acceptance and sales of our commercialized drugs. See also “Risk Factors—Risks Relating to the Research and Development of Our Drug Candidates—Our business and financial prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed” for details.

Our Operating Expenses

Our operating expenses during the Track Record Period primarily consisted of research and development expenses and administrative expenses, details of which are set out below.

- *Research and development expenses.* Our research and development expenses, which primarily consisted of staff costs, material expenses, depreciation and amortization of our office buildings and equipment used in our research and development activities, and testing and technical service costs, were the largest component of our operating expenses during the Track Record Period. In 2024 and 2025, our research and development expenses amounted to RMB75.0 million and RMB110.2 million, respectively. Research and development is critical to the sustainable growth of our business, and we have focused on the research and development of our drug candidates by devoting significant resources on research and development activities. Research and development expenses have been and are expected to continue to be a major component of our operating expenses.
- *Administrative expenses.* Our administrative expenses primarily consisted of staff costs and professional service fees during the Track Record Period. In 2024 and 2025, our administrative expenses amounted to RMB12.6 million and RMB28.3 million, respectively. Our administrative expenses have been and are expected to continue to increase in line with our business growth.

We expect the quantum and composition of our operating expenses to evolve as we develop and expand our business. As we gradually obtain regulatory approvals and commence clinical trials of our product portfolio, and as we continue to develop new drug candidates and technologies, we expect to incur substantial research and development expenses. We may also incur higher administrative expenses as a result of our business expansion. Moreover, as our drug candidates approach commercialization, we expect to build our commercialization team and develop a sales network, and incur sales and marketing expenses as a result.

Funding for Our Operations

During the Track Record Period, we funded our operations through private equity financing, and to a limited extent, income from out-license and collaboration agreements. Going forward, in the event of the successful commercialization of one or more of our drug candidates, we expect to fund our operations in

FINANCIAL INFORMATION

part with revenue generated from sales of our commercialized drug products. However, with the continuing expansion of our business we may require further funding through public or private equity offerings, debt financing or other sources. Any factors that impact in our ability to fund our operations will affect our cash flow and results of operations. See “—Liquidity and Capital Resources” for more details.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. When reviewing our consolidated financial statements, you should consider (i) our material accounting policy information; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are material to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. Our material accounting policy information and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 4 and 5 to the Accountants’ Report in Appendix I to this document.

Research and Development Expenses

We recognize expenditure on research activities as an expense in the period in which it is incurred.

Financial Instruments

We recognize financial assets and financial liabilities when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 “Revenue from Contracts with Customers.” Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. We recognize transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL immediately in profit or loss.

Financial Assets

Classification and Subsequent Measurement of Financial Assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each period, with any fair value gains or losses recognized in profit or loss.

FINANCIAL INFORMATION

Impairment of Financial Assets Subject to Impairment Assessment under IFRS 9

We perform impairment assessment under expected credit loss (“ECL”) model on financial assets (including other receivables, cash and cash equivalents and financial assets at FVTPL) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Derecognition of Financial Assets

We derecognize a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL. A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

At the date of issue, the redeemable shares with other preferential rights are designated as financial liabilities at FVTPL. In subsequent period, changes in fair value (including dividend and interest incurred) are recognized in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to retained profits upon derecognition. Transaction costs relating to the issue of the redeemable shares with other preferential rights are charged to profit or loss immediately.

Financial Liabilities at Amortized Cost

Financial liabilities including trade and other payables, amounts due to a related party and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Derecognition of Financial Liabilities

We derecognize financial liabilities when, and only when, our obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

FINANCIAL INFORMATION

Fair Value Measurements of Financial Instruments

Some of our financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, we use market-observable data to the extent it is available. Where Level 1 inputs are not available, we determine the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model. The following tables illustrate how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets

	Fair value as of December 31,		Fair value hierarchy	Valuation techniques and key inputs
	2024	2025		
	RMB'000	RMB'000		
Financial assets at FVTPL	<u>329,071</u>	<u>372,172</u>	Level 2	Redemption value quoted by banks

For details of reconciliation, see note 32 to the Accountants’ Report set out in Appendix I to this document.

Financial instruments with preferred rights

As of January 1, 2024, our financial instruments with preferred rights amounted to RMB972.6 million, which is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the financial instruments with preferred rights. For details, see note 27 to the Accountants’ Report set out in Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Revenue	1,800	12,982
Other income	2,856	175
Other gains and losses, net	(119,074)	6,545
Administrative expenses	(12,635)	(28,291)
Research and development expenses	(74,973)	(110,178)
[REDACTED] expense	[REDACTED]	[REDACTED]
Share of result of an associate	(239)	(158)
Finance costs	(52)	(129)
Loss before tax	(202,317)	(135,080)
Income tax expense	—	(4)
Loss and total comprehensive expense for the year/period	<u>(202,317)</u>	<u>(135,084)</u>
Loss and total comprehensive expense for the year/period attributable to:		
Owners of the Company	<u>(202,317)</u>	<u>(135,084)</u>

FINANCIAL INFORMATION

Revenue

During the Track Record Period, our revenue was derived from our license and collaboration agreement with Junshi Biosciences and/or Junze Chuangyao. See “Business—Collaborations” for details. We received an upfront payment of RMB30.0 million from Junshi Biosciences in January 2021 and a milestone payment of RMB20.0 million from Junze Chuangyao in July 2025. These payments were recognized as revenue over time based on the actual costs incurred as a percentage of total estimated costs for us to fully perform our obligations, with the unrecognized portion presented as contracted liabilities. See “Description of Selected Items from the Consolidated Statements of Financial Position—Contract Liabilities” below and note 26 to the Accountants’ Report set forth in Appendix I to this document for more information. As a result, we recognized revenue of RMB1.8 million and RMB13.0 million, respectively, in 2024 and 2025.

Other Income

Other income consists of (i) government grants, primarily representing funds from various PRC government authorities as incentives for our research and development activities. There are no unfulfilled conditions related to these government grants. The establishment of the incentive programs and grant of such subsidies are subject to the government’s discretion and the receipt of such subsidies is thus unpredictable, (ii) interest income on bank deposits, and (iii) interest income on term deposits with original maturity of over three months.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,	
	2024	2025
	(RMB’000)	
Government grants	774	88
Interest income:		
– Bank deposits	1,038	87
– Term deposits with original maturity of over three months	1,044	–
Total	<u>2,856</u>	<u>175</u>

Other Gains and Losses, Net

Other gains and losses primarily consist (i) losses from changes in fair value of financial instruments with preferred rights, representing fair value losses of the preferred shares issued to the investors. See notes 8 and 27 to the Accountants’ Report in Appendix I to this document, (ii) gains from changes in fair value of financial assets at FVTPL, representing gains from financial products such as wealth management products and structured bank deposits, and (iii) gain on disposal of property, plant and equipment. The following table sets forth a breakdown of our other net gains and losses for the periods indicated:

	Year ended December 31,	
	2024	2025
	(RMB’000)	
Loss from changes in fair value of financial instruments with preferred rights	(124,725)	–
Gain from changes in fair value of financial assets at FVTPL	5,651	6,544
Gain on disposal of property, plant and equipment	–	1
Total	<u>(119,074)</u>	<u>6,545</u>

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses consist of (i) staff costs, representing salaries and other welfare and share-based payment expenses, for our administrative staff, (ii) depreciation and amortization, primarily representing the depreciation and amortization of our office buildings and our office equipment, (iii) professional service fees, primarily representing fees paid for legal, auditing and consulting services, (iv) travel expenses, (v) office and property utilities, and (vi) other management expenses, primarily representing vehicle and maintenance costs and entertainment fees. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Staff costs	7,848	21,549
Depreciation and amortization	594	485
Professional service fees	1,959	3,915
Travel expenses	405	836
Office and property utilities	767	614
Other management expenses	1,062	892
Total	12,635	28,291

Research and Development Expenses

Our research and development expenses consist of (i) staff costs, representing salaries and other welfare and share-based payment expenses, for our research and development personnel, (ii) material expenses, representing expenses incurred for purchasing materials for our research and development activities, (iii) depreciation and amortization, primarily representing the depreciation and amortization of our office buildings and equipment used in our research and development activities, (iv) testing and technical service costs, primarily representing costs incurred for preclinical and clinical testing and reagent processing services, and (v) other R&D expenses, primarily representing travel and transportation costs. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Staff costs	21,472	38,454
Material expenses	16,603	18,961
Depreciation and amortization	2,368	2,257
Testing and technical service costs	32,447	47,590
Other R&D expenses	2,083	2,916
Total	74,973	110,178

FINANCIAL INFORMATION

The following table sets forth a breakdown of our research and development expenses by drug candidate for the periods indicated:

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Core Products		
HJ787	21,393	27,978
HJ178	14,357	22,638
HJ891	29,806	36,985
Key Product		
HJ197	4,295	4,899
Other drug candidates	3,451	14,792
Technology platforms	1,671	2,886
Total	<u>74,973</u>	<u>110,178</u>

Share of Result of an Associate

We hold a 72% equity interest in Zhangjiakou Huajian Zhiyuan Biotechnology Co., Limited (張家口華健致遠生物科技有限公司) (“**Zhangjiakou Zhiyuan**”), a company mainly engaged in the research and development of biological and pharmaceutical products and provision of technological consulting services. The purpose of establishing Zhangjiakou Zhiyuan is to explore neuropsychiatric drugs during the Company’s early development stage, which aligned with the development direction of the local health industry. Zhangjiakou Zhiyuan is not involved in the R&D of any product candidates. Each of Zhangjiakou Jianlong Healthcare Industry Investment Fund (Limited Partnership) (張家口建龍大健康產業投資基金(有限合伙)) (“**Zhangjiakou Jianlong**”) and Tibet Deshang Enterprise Management Co., Ltd. (西藏德商企業管理股份有限公司) (“**Tibet Deshang**”) holds an approximate 14% equity interest in Zhangjiakou Zhiyuan. The ultimate beneficial owners of Zhangjiakou Jianlong are Zhangjiakou Municipal People’s Government State-owned Assets Supervision and Administration Commission (張家口市人民政府國有資產監督管理委員會) and Hebei Zhangjiakou High-tech Industrial Development Zone Management Committee (河北張家口高新技術產業開發區管理委員會), which hold approximately 48.5046% and 48.3384%, respectively, and eight other individuals, none of which holds 5% or more interest therein. The ultimate beneficial owners of Tibet Deshang are Zou Kang (鄒康), who holds approximately 86.25% interest therein, and eight other individuals, none of which holds 5% or more interest therein.

To the best knowledge of our Directors, each of the ultimate beneficial owners of Zhangjiakou Jianlong and Tibet Deshang is an Independent Third Party.

We classify Zhangjiakou Zhiyuan as an associate because its articles of association stipulates that voting rights are exercised in proportion to the respective percentage of registered share capital, and the decision-making authority regarding its operating activities shall exceed 75%. The rationale behind is to enhance quality and prudence of decision making by preventing any single shareholder from unilaterally passing resolutions on major matters that may harm the interests of minority shareholders. As such, we don’t have control over Zhangjiakou Zhiyuan. See note 19 to the Accountants’ Report set forth in Appendix I to this document for more information.

Finance Costs

Our finance costs represent interest on lease liabilities and interest on bank borrowings, which amounted to RMB52.0 thousand and RMB129.0 thousand in 2024 and 2025, respectively.

FINANCIAL INFORMATION

Income Tax Expense

Pursuant to the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the applicable tax rate of our Company and its subsidiaries is 25% during the Track Record Period. In 2024, we recorded no income tax expense due to our loss before taxation. In 2025, we incurred income tax expense of RMB4.0 thousand primarily attributable to the taxable profit generated by a subsidiary, whereas we did not recognize any other income tax expense.

As of December 31, 2024 and 2025, our group has unused tax losses of RMB403.1 million and RMB566.9 million, respectively. These tax losses will be expired in 5 to 10 years. As of December 31, 2024 and 2025, the Group has deductible temporary differences of RMB50,000 and RMB417,000, respectively. No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

In November 2, 2022, our Company has been accredited as a High and New Technology Enterprise recognized by Science and Technology Commission of Chengdu Municipality and as a result enjoys a preferential tax rate of 15% for a term of three years starting from November 2022. In December 2025, we successfully renewed our High and New Technology Enterprise accreditation. Upon the expiration of this preferential tax rate, we will continue to enjoy the preferential tax rate upon the approval of the review materials submitted by us before the expiration date, or be subject to income tax at a rate of 25% on the taxable income.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2023 onwards, enterprises engage in research and development activities are entitled to claim 200% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year. As such, the Company enjoyed super deduction of 200% on qualifying research and development expenditures throughout the Track Record Period.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

2025 Compared to 2024

Revenue

We recognized revenue of RMB1.8 million and RMB13.0 million in 2024 and 2025, respectively, as a result of our collaboration with Junshi Biosciences and/or Junze Chuangyao.

Other Income

Our other income decreased significantly from RMB2.9 million in 2024 to RMB0.2 million in 2025. This decrease was primarily attributable to a reduction in interest income on bank deposits and term deposits with original maturity of over three months because we utilized more cash in daily operations and transferred a portion of our time deposits upon maturity to financial products with better liquidity, such as structured bank deposits and wealth management products.

Other Gains and Losses, Net

We recorded other net losses of RMB119.1 million in 2024, reflecting loss from changes in fair value of financial instruments with preferred rights of RMB124.7 million, representing fair value losses of the preferred shares issued to the investors, as offset by net gains of RMB5.7 million attributed to favorable changes in fair value of financial assets at FVTPL. We recorded other net gains of RMB6.5 million in 2025 primarily attributable to favorable changes in fair value of financial assets at FVTPL because we transferred a portion of our time deposits upon maturity to financial products with better liquidity, such as structured bank deposits and wealth management products. We did not record any loss related to changes in fair value of financial instruments with preferred rights in 2025, as the special rights agreement was terminated on August 29, 2024 and the corresponding adjustments to the value of financial instruments with preferred rights were completed.

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses increased significantly from RMB12.6 million in 2024 to RMB28.3 million in 2025. This increase was primarily attributable to (i) an increase of RMB13.7 million in staff costs due to an increase of average salary and a new Pre-[REDACTED] Share Incentive Scheme to motivate our administrative staff, and (ii) an increase of RMB2.0 million in professional service fees as we engaged third-party service providers to provide auditing, consulting and legal services with respect to our conversion into a joint stock company as well as other business development related consulting services in 2025.

Research and Development Expenses

Our research and development expenses increased from RMB75.0 million in 2024 to RMB110.2 million in 2025. This increase was primarily attributable to (i) an increase in staff costs from RMB21.5 million in 2024 to RMB38.5 million in 2025 due to an increase in equity-settled share-based payment expenses under a new Pre-[REDACTED] Share Incentive Scheme to motivate our R&D staff, (ii) an increase of RMB2.4 million in material expenses as we consumed more materials for the preclinical studies and clinical trials of our drug candidates and (iii) an increase of RMB15.1 million in testing and technical service costs as we continued to advance clinical development of drug candidates.

Share of result of an associate

We recorded a share loss of RMB239.0 thousand and RMB158.0 thousand in 2024 and 2025, respectively. The slight decrease was primarily attributable to a lower loss recognized by our associate company, Zhangjiakou Zhiyuan, in 2025.

Finance Costs

Our finance costs increased slightly from RMB52.0 thousand in 2024 to RMB129.0 thousand in 2025. This increase was due to interest on bank borrowings of RMB103.0 thousand generated from new bank borrowings incurred in 2025, partially offset by a reduction in interest recognized on lease liabilities.

Loss and Total Comprehensive Expense for the Period

As a result of the above, we recorded a loss of RMB202.3 million and RMB135.1 million in 2024 and 2025, respectively.

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated:

	As of December 31,	
	2024	2025
	(RMB'000)	
Non-current assets		
Property, plant and equipment	20,388	20,112
Intangible assets	153	–
Right-of-use assets	695	635
Investment in an associate	8,478	8,320
Total non-current assets	<u>29,714</u>	<u>29,067</u>
Current assets		
Prepayments and other receivables	17,078	27,150
Financial assets at fair value through profit or loss (“FVTPL”)	329,071	372,172
Restricted bank deposit	500	500
Cash and cash equivalents	53,810	3,720
Total current assets	<u>400,459</u>	<u>403,542</u>
Current liabilities		
Trade and other payables	36,329	62,874
Borrowings	–	10,008
Amounts due to a related party	328	–
Lease liabilities	2,281	2,276
Tax liabilities	–	4
Contract liabilities	15,000	20,885
	<u>53,938</u>	<u>96,047</u>
Net current assets	<u>346,521</u>	<u>307,495</u>
Total assets less current liabilities	<u>376,235</u>	<u>336,562</u>
Non-current liabilities		
Lease liabilities	–	362
Net assets	<u>376,235</u>	<u>336,200</u>
Capital and reserves		
Paid-in capital/share capital	16,928	60,000
Reserves	359,307	276,200
Equity attributable to owners of the Company	376,235	336,200
Total equity	<u>376,235</u>	<u>336,200</u>

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of buildings, machineries and equipment, as well as leasehold improvements. Our property, plant and equipment remained stable at RMB20.4 million and RMB20.1 million as of December 31, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Right-of-use Assets

During the Track Record Period, our right-of-use assets represented leases of offices. Our right-of-use assets decrease from RMB0.7 million as of December 31, 2024 to RMB0.6 million as of December 31, 2025 as a result of depreciation during the ordinary course of business, partially offset by new lease contracts we entered into.

Investment in an Associate

We hold a 72% equity interest in Zhangjiakou Zhiyuan. We classify Zhangjiakou Zhiyuan as an associate because its articles of association stipulates that voting rights are exercised in proportion to the respective percentage of registered share capital, and the decision-making authority regarding its operating activities shall exceed 75%. See note 19 to the Accountants’ Report set forth in Appendix I to this document for more information. Investment in an associate amounted to RMB8.5 million and RMB8.3 million as of December 31, 2024 and 2025. These decreases were due to the increases in accumulated loss of Zhangjiakou Zhiyuan, in line with our share of result of an associate.

Prepayments and other receivables

Our prepayment and other receivables consisted of (i) prepayments to third parties, which mainly included material expenses, equipment expenses, technical service fees, clinical trial and testing fees, patent fees, consulting fees, decoration fees and other related expenses prepaid to third parties, (ii) value-added tax recoverable, which represented value-added taxes incurred in procurement of services, equipment and materials mainly in relation to our research and development activities, (iii) deferred issued cost, which represented the capitalized [REDACTED] fees prepaid to professionals, and (iv) other receivables, which mainly included advances made to employees for business purposes such as traveling and rental deposits.

	As of December 31,	
	2024	2025
	(RMB’000)	
Prepayments to third parties	9,543	11,333
Value-added tax recoverable	7,115	10,511
Deferred issue cost	–	4,949
Other receivables	420	357
Total	17,078	27,150

Our prepayments and other receivables increased from RMB17.1 million as of December 31, 2024 to RMB27.2 million as of December 31, 2025, primarily due to (i) an increase in prepayments to third parties from RMB9.5 million as of December 31, 2024 to RMB11.3 million as of December 31, 2025 as we purchased more materials and services as a result of the continuous advancement of clinical development of our drug candidates, (ii) an increase of RMB3.4 million in value-added tax recoverable arising from intensified R&D activities, and (iii) an increase in deferred issue cost from nil as of December 31, 2024 to RMB4.9 million as of December 31, 2025 reflecting deferred [REDACTED] expense in relation to the [REDACTED].

As of the Latest Practicable Date, RMB5.5 million, or 20.2% of our prepayments and other receivables as of December 31, 2025 had been subsequently settled.

FINANCIAL INFORMATION

Financial Assets at FVTPL

Our financial assets at FVTPL mainly represented RMB-denominated variable income wealth management products and structured bank deposits issued by reputable commercial banks. The fluctuations in our financial assets at FVTPL from RMB329.1 million as of December 31, 2024 to RMB372.2 million as of December 31, 2025 were primarily attributed to our adjustments in funding for structured bank deposits and wealth management products taking into consideration our operational funding needs.

We purchased structured bank deposits and wealth management products to improve the utilization of our cash on hand. During the Track Record Period, we generally limited our purchase to principal-protected low-risk financial products from reputable commercial banks. We believe that investment in low-risk financial products, such as structured bank deposits, helps us make better use of our cash while ensuring sufficient cash flow for business operation or capital expenditures. Considering that these structured bank deposit products are principal-protected, we believe our credit risk exposure is limited.

All purchases of structured bank deposits and wealth management products are reviewed by the finance department and require management approval. We have implemented internal controls and measures to limit credit risk from purchases of structured bank deposits and wealth management products, including written policies that govern the investment process (such as a Surplus Cash Management System), clear authorization and approval procedures under which the Board authorizes and oversees the finance department, which approves investments through a rigorous review and decision-making process and all material investments in structured bank deposits and wealth management products require the approval of the Chairman of the Board, research and management of these investments by the finance department, a conservative approach of purchasing only low risk structured bank deposits and wealth management products from qualified financial institutions while diversifying across multiple issuers to reduce concentration risk, and regular monitoring of investment performance and fair value. In the future, we will continue to purchase structured bank deposits and wealth management products with short maturity period based on our operational needs. Our financial director, Ms. Zhang, holds a master’s degree in economics. She brings experience from Deloitte Touche Tohmatsu Certified Public Accountants LLP, where she served as senior auditor and conducted financial audits for several listed companies. She leads our finance department and is responsible for implementing relevant risk management and internal control measures with respect to purchases of structured bank deposits and wealth management products. We understand that upon [REDACTED], the investments in such financial assets may constitute notifiable transactions under Chapter 14 of the Listing Rules and our Directors confirm that any such investment would only be made after compliance with the Listing Rules as well as other relevant laws and regulations, if applicable.

Cash and Cash Equivalents

Our cash and cash equivalents included RMB-denominated highly liquid demand deposits for the purpose of meeting our short term cash needs, which carried interest at market rates of 0.10% to 0.34% per annum and 0.05% to 0.45% per annum as of December 31, 2024 and 2025, respectively. Our cash and cash equivalents decreased from RMB53.8 million as of December 31, 2024 to RMB3.7 million as of December 31, 2025, primarily due to our adjustments in funding taking into consideration our operational funding needs.

FINANCIAL INFORMATION

Trade and Other Payables

Our trade and other payables primarily consisted of (i) trade payables, which primarily included payables in relation to our research and development activities, (ii) salary and bonus payables, (iii) other payables, which primarily included subsidies provided to employees under various talent recruitment programs, (iv) accrued [REDACTED] expense and [REDACTED], which primarily included payables to professionals in relation to [REDACTED] purpose, and (v) other tax payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,	
	2024	2025
	(RMB'000)	
Trade payables	23,310	38,084
Salary and bonus payables	7,911	8,582
Other payables	4,919	3,561
Accrued [REDACTED] expense and [REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	189	26
Total	36,329	62,874

Our trade and other payables increased from RMB36.3 million as of December 31, 2024 to RMB62.9 million as of December 31, 2025, primarily due to an increase in trade payables from RMB23.3 million as of December 31, 2024 to RMB38.1 million as of December 31, 2025 as a result of the advancement of clinical development of our drug candidates, and (ii) an increase of accrued [REDACTED] expense and issue cost of RMB[REDACTED] million in line with the [REDACTED] expenses in relation to the [REDACTED].

The following table sets forth an ageing analysis of our trade payables based on the date of delivery of goods or rendering of services as of the dates indicated:

	As of December 31,	
	2024	2025
	(RMB'000)	
Within 1 year	20,966	36,124
1 to 2 years	74	1,935
2 to 3 years	2,245	–
Over 3 years	25	25
Total	23,310	38,084

As of the Latest Practicable Date, RMB6.3 million, or 16.5% of our trade payables as of December 31, 2025, had been subsequently settled. As of the Latest Practicable Date, RMB0.4 million, or 11.1% of our other payables as of December 31, 2025, had been subsequently settled. Our Directors confirm that we had no material defaults in payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

Amounts due to a Related Party

Our amounts due to a related party represented payable to Dr. Ji Jianxin, totaling RMB328.0 thousand as of December 31, 2024. This payable was related to our purchase of two vehicles from Dr. Ji to support corporate hospitality, business visits and small-scale material procurement. We settled such payment in full in August 2025.

FINANCIAL INFORMATION

Lease Liabilities

Our lease liabilities consisted of lease of offices. Our lease liabilities remained stable at RMB2.3 million and RMB2.6 million as of December 31, 2024 and 2025, respectively.

Contract Liabilities

Our contract liabilities represented amounts paid by our collaboration partner in relation to our license and collaboration agreements before we fulfilled corresponding performance obligations. The excess of payment made by our collaboration partner over the revenue recognized in profit or loss is presented as contract liabilities. Our contract liabilities amounted to RMB15.0 million and RMB20.9 million as of December 31, 2024 and 2025, respectively. See “Description of Selected Components of the Consolidated Statements of Profit or Loss and Other Comprehensive Income—Contract Liabilities” below and note 26 to the Accountants’ Report set forth in Appendix I to this document for more information.

As of the Latest Practicable Date, RMB1.5 million or 7.2% of our contract liabilities as of December 31, 2025 been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash during the Track Record Period were to fund the R&D of our Core Products and other pipeline programs. During the Track Record Period, we conducted equity financing and also generated cash inflow from our out-license and collaboration agreement. We recorded net cash used in operating activities of RMB78.0 million and RMB89.4 million for the years ended December 31, 2024 and 2025, respectively. As of March 31, 2026, being the latest practicable date for determining our indebtedness, we had cash and cash equivalents and financial assets at FVTPL of RMB331.3 million.

Net Current Assets

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

	As of December 31,		As of
	2024	2025	March 31,
		(RMB’000)	2026
			(unaudited)
Current assets			
Prepayments and other receivables	17,078	27,150	27,011
Financial assets at fair value through profit or loss (“FVTPL”)	329,071	372,172	320,244
Restricted bank deposit	500	500	501
Cash and cash equivalents	53,810	3,720	11,010
Total current assets	<u>400,459</u>	<u>403,542</u>	<u>358,766</u>
Current liabilities			
Trade and other payables	36,329	62,874	60,056
Borrowings	–	10,008	20,015
Amounts due to a related party	328	–	–
Lease liabilities	2,281	2,276	720
Tax liabilities	–	4	4
Contract liabilities	15,000	20,885	19,428
Total current liabilities	<u>53,938</u>	<u>96,047</u>	<u>100,223</u>
Net current assets	<u>346,521</u>	<u>307,495</u>	<u>258,543</u>

We had net current assets of RMB346.5 million, RMB307.5 million and RMB258.5 million, respectively, as of December 31, 2024 and 2025 and March 31, 2026.

FINANCIAL INFORMATION

Cash Flows

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

	Year ended December 31,	
	2024	2025
	(RMB'000)	
Net cash used in operating activities	(78,042)	(89,434)
Net cash generated from/(used in) investing activities.	(46,984)	(38,067)
Net cash generated from/(used in) financing activities	(105)	77,411
Net increase/(decrease) in cash and cash equivalents	(125,131)	(50,090)
Cash and cash equivalents at beginning of the period	178,941	53,810
Cash and cash equivalents at the end of the period	53,810	3,720

Operating Activities

In 2025, we had net cash used in operating activities of RMB89.4 million, which was primarily attributable to (i) our loss before tax of RMB135.1 million, (ii) a positive adjustment of RMB21.6 million for non-cash items, primarily reflecting share-base payment expense of RMB25.0 million, as partially offset by gain on financial assets at FVTPL of RMB6.5 million, and (iii) a positive adjustment of RMB24.1 million for working capital items, primarily reflecting a decrease in trade and other payables of RMB28.6 million and an increase in contract liabilities of RMB5.9 million, as partially offset by an increase in prepayments and other receivables of RMB10.1 million. In 2024, we had net cash used in operating activities of RMB78.0 million, which was primarily attributable to (i) our loss before tax of RMB202.3 million, (ii) a positive adjustment of RMB121.3 million for non-cash items, primarily reflecting loss on financial instruments with preferred rights of RMB124.7 million, as partially offset by gain on financial assets at FVTPL of RMB5.7 million, and (iii) a positive adjustment of RMB3.0 million for working capital items, primarily reflecting an increase in trade and other payables of RMB11.7 million, as partially offset by an increase in prepayment and other receivables of RMB6.9 million and a decrease in contract liabilities of RMB1.8 million.

Substantially all of our operating cash outflows resulted from research and development expenses and administrative expenses. Going forward, we believe our liquidity requirements will be satisfied by low-interest using funds from a combination of bank balances, net [REDACTED] from the [REDACTED] and cash generated from our operations, including commercialization of our drug candidates and payments from collaborations.

Given our status as a pre-commercialization stage company, we anticipate that our R&D expenses will continue to increase as we advance our pipeline products, which may result in net operating cash outflows in the near future. We intend to further improve our net operating cash flow position through the following measures:

- entering into out-licensing, co-development and other strategic collaboration arrangements with established multinational pharmaceutical companies or well-known industry partners in respect of our pipeline products, which may generate operating cash inflows from upfront payments, milestone payments and royalties;
- adopting comprehensive measures to further enhance our R&D efficiency. While we expect our R&D expenses to increase as we advance our pipeline product, we strive to enhance our R&D efficiency by optimizing internal resource allocation, implementing stringent project prioritization, and leveraging strategic collaborations to control our R&D expenses; and

FINANCIAL INFORMATION

- continuing to advance our pipeline products towards commercialization to generate revenue from product sales. We expect to further improve our cash flow position from the commercialization of our pipeline products in the future.

Investing Activities

In 2025, we had net cash used in investing activities of RMB38.1 million, primarily attributable to purchase of financial assets at FVTPL of RMB1,522.0 million and purchases of property, plant and equipment of RMB1.5 million, and partially offset by the receipt of proceeds from disposal of financial assets at FVTPL of RMB1,485.4 million. In 2024, we had net cash used in investing activities of RMB47.0 million, primarily attributable to funds used to purchase of financial assets at FVTPL of RMB1,970.0 million and funds used to purchase of time deposits with original maturity over three months of RMB130.0 million, as partially offset by the receipt of proceeds from disposal of financial assets at FVTPL of RMB1,923.6 million and the receipt of proceeds from redemption of time deposits with original maturity over three months of RMB130.0 million.

Financing Activities

In 2025, we had net cash generated from financing activities of RMB77.4 million, primarily attributable to (i) capital injection of RMB70.0 million from our shareholders, and (ii) new bank borrowing of RMB10.0 million raised from banks, partially offset by payments for share issue cost of RMB2.1 million. In 2024, we had net cash used in financing activities of RMB0.1 million, primarily attributable to repayments of lease liabilities of RMB661.0 thousand, as partially offset by the receipt of proceeds from capital injection to our Company of RMB608.0 thousand.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents financial assets at FVTPL and the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital to cover at least 125% of our costs, including R&D costs and administrative expenses, for at least the next 12 months from the expected date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, including clinical development and business development activities, (ii) capital expenditures, and (iii) lease payments. We had cash and cash equivalents of RMB11.0 million and financial assets at FVTPL of RMB320.3 million as of March 31, 2026. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million, equivalent to RMB[REDACTED] million, after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] are exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low-end of the indicative [REDACTED] range in this document. Assuming an average cash burn rate going forward of [2.3] times the level in 2025, we estimate that our cash and cash equivalents and financial assets at FVTPL as of March 31, 2026 will be able to maintain our financial viability for [18] months or, if we take into account [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [24] months or, if we also take into account the estimated net [REDACTED] from the [REDACTED], [77] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Cash Operating Costs

The following table provides information regarding our cash operating costs for the periods indicated:

FINANCIAL INFORMATION

	Year ended December 31,	
	2024	2025
	(RMB'000)	
<i>Research and development costs for our Core Products</i>		
Staff cost.	16,374.2	21,339.6
Clinical costs	19,000.5	23,225.9
Raw materials and consumables	15,133.4	6,831.9
CMC and preclinical studies	9,012.9	6,300.8
Others ⁽¹⁾	827.3	1,511.4
<i>Subtotal</i>	60,348.3	59,209.6
<i>Research and development costs for other drug candidates</i>		
Staff cost.	4,199.3	4,302.8
Clinical expenses	362.4	757.6
Raw materials and consumables	1,024.7	12,195.7
CMC and preclinical studies	418.9	5,574.2
Others	179.5	224.7
<i>Subtotal</i>	6,184.8	23,055.0
Total research and development costs	66,533.0	82,264.6
 Workforce employment ⁽²⁾	6,854.5	8,717.0
Direct production cost	—	—
Others ⁽³⁾	5,751.8	8,793.9
Total cash operating cost	79,139.3	99,755.5

Notes: (1) Others mainly consisted of patent agency fees, consumables for equipment, and maintenance fees.

(2) Workforce employment costs represented non-R&D staff costs, mainly including salaries and social insurance contributions.

(3) Mainly consisted of professional service fees, traveling expenses, and other miscellaneous costs.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of
	2024	2025	March 31,
	(RMB'000)		2026
	(unaudited)		
Current			
Lease liabilities	2,281	2,276	720
Borrowings	—	10,008	20,015
Non-current			
Lease Liabilities	—	362	1,395
Total	2,281	12,646	22,130

As of the Latest Practicable Date, we had outstanding bank borrowings of (i) RMB10.0 million drawn down on August 5, 2025 under a term loan agreement with Bank of Chengdu dated August 4, 2025, which is unsecured and unguaranteed with a term of one year starting from August 5, 2025 and bears interest at 2.5% per annum, and (ii) RMB10.0 million drawn down on March 9, 2026 under a bank facilities agreement with China Merchants Bank Co., Ltd. dated December 31, 2025, which is unsecured

FINANCIAL INFORMATION

and unguaranteed with a term of one year starting from March 9, 2026 and bears interest at 2.8% per annum. As of March 31, 2026, our lease liabilities were secured by our rental deposits and were unguaranteed. As of March 31, 2026 and the Latest Practicable Date, we had unutilized committed bank facilities of RMB10.0 million. Except as presented above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of March 31, 2026.

Our Directors confirm that there has not been any material change in our indebtedness since March 31, 2026 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. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures amounted to RMB1.6 million and RMB1.5 million in 2024 and 2025, respectively, primarily representing expenditures associated with the purchase of property, plant and equipment, which mainly consisted of furniture and equipment and leasehold improvements. We funded our capital expenditure requirements during the Track Record Period mainly from equity financing.

CONTRACTUAL COMMITMENTS

Capital Commitments

As of December 31, 2024 and 2025, we had no capital commitments contracted for but not yet provided.

CONTINGENT LIABILITIES

As of December 31, 2024 and December 31, 2025, we did not have any contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since December 31, 2025 and up to the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have, during the years presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

KEY FINANCIAL RATIO

	As of December 31,	
	2024	2025
Current ratio ⁽¹⁾	7.4	4.2

Note: (1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

FINANCIAL INFORMATION

Our current ratio decreased from 7.4 as of December 31, 2024 to 4.2 as of December 31, 2025, mainly due to (i) a decrease in our cash and cash equivalents decreased from RMB53.8 million as of December 31, 2024 to RMB3.7 million as of December 31, 2025 driven by our adjustments in funding taking into consideration our operational funding needs, (ii) an increase in trade and other payables from RMB36.3 million as of December 31, 2024 to RMB62.9 million as of December 31, 2025 attributable our ongoing operations and R&D activities, and (iii) an increase of RMB10.0 million in borrowings because we leverage low-interest debt to optimize our capital structure and enhance capital efficiency.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

We had amounts due to a related party totaling RMB328.0 thousand as of December 31, 2024, representing payable to Dr. Ji Jianxin. This payable was related to our purchase of two vehicles from Dr. Ji to support corporate hospitality, business visits and small-scale material procurement and the purchase price had been settled as of the Latest Practicable Date. See note 36 to the Accountants’ Report set forth in Appendix I of this document for details.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of financial risks, including foreign interest rate risk, credit risk and liquidity risk, as set out below. We regularly monitor our exposure to these risks and as of the Latest Practicable Date, did not hedge or consider necessary to hedge any of these risks.

Interest Rate Risk

Our fair value interest rate risk relates primarily to fixed-rate lease liabilities and fixed-rate bank borrowings. We are also exposed to cash flow interest risk in relation to variable-rate bank balances which carry prevailing market interests and financial products. See notes 24, 25 and 27 to the Accountants’ Report set forth in Appendix I of this document for details. Our Group currently does not have a specified policy to manage its interest rate risk but will closely monitor their interest rate risk exposure in the future. No sensitivity analysis on cash flow interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances and financial products is insignificant.

Credit Risk

Credit risk refers to the risk that the our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to cash and cash equivalents. Our exposure to credit risk arising from cash and cash equivalents is limited and remote because the counterparties are state-owned banks or reputable commercial banks for which we consider to have immaterial credit risk and no impairment was provided at the end of each year. rates for majority of the financial assets measured at amortized cost are assessed to be less than 1%.

Liquidity Risk

In management of the liquidity risk, we monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We relies on shareholders’ investment as a significant source of liquidity. See note 32 to the Accountants’ Report set forth in Appendix I of this document for details.

DIVIDENDS

No dividend was paid or declared by our Company since its date of incorporation and up to the end of the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or fixed dividend payout ratio. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in a Shareholders’ meeting. Under PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the

FINANCIAL INFORMATION

balance reaches 50% of the relevant PRC entity’s registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common and other reserves are drawn in accordance with the relevant laws, regulations and our Articles and Association.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] million (including [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H Share, which is the mid-point of the indicative [REDACTED] range stated in this document and assuming that the [REDACTED] is not exercised). The [REDACTED] expenses consist of (i) [REDACTED]-related expenses, including [REDACTED], of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million, comprising (a) fees and expenses of our legal advisors, reporting accountants and other professional parties of approximately HK\$[REDACTED] million, and (b) other fees and expenses of approximately HK\$[REDACTED] million. During the Track Record Period, we incurred [REDACTED] expenses of HK\$[REDACTED] million, of which HK\$[REDACTED] million was recognized as [REDACTED] expenses in the consolidated statements of profit or loss and of HK\$[REDACTED] million was directly attributable to the issuance of [REDACTED] which is expected to be charged against equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of approximately HK\$[REDACTED] million, of which approximately HK\$[REDACTED] million is expected to be recognized as [REDACTED] expenses in the consolidated statements of profit or loss and other comprehensive income and approximately HK\$[REDACTED] million is expected to be recognized as a deduction in equity directly upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II—Unaudited [REDACTED] Financial Information” to this document for further details of our unaudited [REDACTED] statement of adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the date on which the latest consolidated financial information of our Group was prepared) and there has been no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business—Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], after deducting the [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] is not exercised and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range set forth on the cover page of this document). We intend to use such net [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- (i) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to provide funding for ongoing and planned clinical research and development activities for pipeline products, of which:
 - a. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the continuous research and development and registration of our Core Products:
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for HJ787, among which:
 - [REDACTED]%, or HK\$[REDACTED] million for the AD indication, including [REDACTED]%, or HK\$[REDACTED] million for the ongoing Phase II clinical trial which is expected to be completed in September 2026, and [REDACTED]%, or HK\$[REDACTED] million for the planned Phase III clinical trial which is expected to be initiated in the second half of 2026, and for the preparation and submission of IND application to the FDA in March 2027;
 - [REDACTED]% or HK\$[REDACTED] million for the AV indication, including [REDACTED]%, or HK\$[REDACTED] million for the planned Phase IIb clinical trial which is expected to be initiated in the second half of 2026 and [REDACTED]% or HK\$[REDACTED] million for clinical trial which is expected to be initiated in the second half of 2026 and for the preparation and submission of IND application to the FDA in the second half of 2026; and
 - [REDACTED]%, or HK\$[REDACTED] million for the ND indication, including [REDACTED]%, or HK\$[REDACTED] million for the ongoing Phase II clinical trial which is expected to be completed in the second half of 2026, and [REDACTED]%, or HK\$[REDACTED] million for planned Phase III clinical trial which is expected to be initiated in the first half of 2027;
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for HJ178 for the treatment of type 2 diabetes and overweight or obesity:
 - [REDACTED]%, or HK\$[REDACTED] million for the ongoing Phase II clinical trial which is expected to be completed in the first half of 2027 for type 2 diabetes;
 - [REDACTED]% or HK\$[REDACTED] million for the planned Phase III clinical trial which is expected to be initiated in the first half of 2027 for type 2 diabetes, for the preparation and submission of IND applications to the FDA in December 2026 for both type 2 diabetes and for the preparation and submission of IND application to the NMPA and the FDA for overweight or obesity in October 2026;

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for HJ891:
 - [REDACTED]%, or HK\$[REDACTED] million for developing HJ891 as a monotherapy, including the ongoing Phase IIb clinical trial which is expected to be completed in May 2026, and the preparation and submission of NDA to the NMPA in the second half of 2026; and
 - [REDACTED]% or HK\$[REDACTED] million for developing HJ891 as a combination therapy, including [REDACTED]%, or HK\$[REDACTED] million for the ongoing Phase Ib clinical trial which is expected to be completed in June 2026, and [REDACTED]%, or HK\$[REDACTED] million for the planned Phase III clinical trial which is expected to be initiated in the second half of 2026, and for the preparation and submission of IND application to the FDA in the second half of 2026; and
- b. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to advance the research and development of our other drug candidates including HJ197, HJ356, HJ093, HJ199, HJ198 and HJ086:
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the clinical trial and development of HJ197 for the planned Phase III trial which is expected to be initiated in July 2026 and for the preparation and submission of IND application to the NMPA for solid tumor in the first half of 2027;
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the clinical trial and development of HJ356 and for the preparation and submission of IND applications to the NMPA and the FDA in the second half of 2026, and for the clinical trial and development of HJ086 and for the preparation and submission of IND applications to the NMPA in the second half of 2027;
 - approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the clinical trial and development of HJ093, HJ199 and HJ198 and for the preparation and submission of IND applications for HJ093 and HJ199 to the NMPA in the second half of 2026 and for HJ198 in the first half of 2027;
- (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to enhance our research and development platform to strengthen our innovation pipeline in immunology, metabolism and oncology, and to explore and develop new preclinical drugs to enhance our current treatment options, of which:
 - a. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to (a) further optimize our research and development technology platforms, including the ongoing updates of equipment and infrastructure across multiple platforms, such as the integration of computational modeling with experimental validation in workflows, the upgrading of high-throughput automated synthesis and screening systems, the acquisition of high-sensitivity mass spectrometers, and the expansion of high-performance cloud computing capabilities; and
 - b. approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to explore and develop new preclinical drug candidates and to expand our existing pipeline;
- (iii) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to gradually build our commercialization team, and expand this team as our drug candidates near commercialization, ensuring effective outreach and support for our product launches. To support the planned launch of future products, we plan to hire six members by the end of 2026 and 30 members by the end of 2027. We plan to concentrate future hiring on two core functions: business development and marketing, targeting senior professionals with deep industry expertise and proven execution. For business development, we seek leaders to drive major transactions, perform disease-area assessments, and support deal negotiations, prioritizing candidates with extensive biopharma experience and a record of closing end-to-end projects.

FUTURE PLANS AND USE OF [REDACTED]

For marketing, we plan to hire specialists in market access, medical affairs engagement, product sales and promotion, and commercial channel management, focusing on candidates with hands-on experience and established networks in relevant disease areas; and

- (iv) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for general business operations and working capital.

The above allocation of 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] range. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the high end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED] million.

If the net [REDACTED] are not immediately applied to the above purposes, we will only deposit those net [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, and applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[●] to I-[●], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF [HJ SCIENCE CO., LTD.] AND [CITIC SECURITIES (HONG KONG) LIMITED]

Introduction

We report on the historical financial information of HJ Science Co., Ltd. (華健未來(成都)科技股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group as at December 31, 2024 and 2025, the statements of financial position of the Company as at December 31, 2024 and 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the [REDACTED] of 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 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 of the Company, 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.

APPENDIX I

ACCOUNTANTS’ REPORT

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at December 31, 2024 and 2025, of the Company’s financial position as at December 31, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 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-[●] have been made.]

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information in this report is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards as issued by International Accounting Standards Board (“IASB”) and were audited by us in accordance with ISAs issued by the IAASB (“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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,	
		2024	2025
		RMB’000	RMB’000
Revenue	6	1,800	12,982
Other income	7	2,856	175
Other gains and losses, net	8	(119,074)	6,545
Administrative expenses		(12,635)	(28,291)
Research and development expenses		(74,973)	(110,178)
[REDACTED] expense		[REDACTED]	[REDACTED]
Share of result of an associate		(239)	(158)
Finance costs	9	(52)	(129)
Loss before tax	11	(202,317)	(135,080)
Income tax expense	10	–	(4)
Loss and total comprehensive expense for the year		(202,317)	(135,084)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(202,317)	(135,084)
Loss per share (in RMB)			
– Basic	15	(5.12)	(2.28)
– Diluted	15	(5.12)	(2.28)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	December 31,	
		2024	2025
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	16	20,388	20,112
Intangible assets	17	153	–
Right-of-use assets	18	695	635
Investment in an associate	19	8,478	8,320
		<u>29,714</u>	<u>29,067</u>
Current assets			
Prepayments and other receivables	20	17,078	27,150
Financial assets at fair value through profit or loss (“FVTPL”)	21	329,071	372,172
Restricted bank deposit		500	500
Cash and cash equivalents	22	53,810	3,720
		<u>400,459</u>	<u>403,542</u>
Current liabilities			
Trade and other payables	23	36,329	62,874
Borrowings	25	–	10,008
Amounts due to a related party	36	328	–
Lease liabilities	24	2,281	2,276
Tax liabilities		–	4
Contract liabilities	26	15,000	20,885
		<u>53,938</u>	<u>96,047</u>
Net current assets		<u>346,521</u>	<u>307,495</u>
Total assets less current liabilities		<u>376,235</u>	<u>336,562</u>
Non-current liability			
Lease liabilities	24	–	362
Net assets		<u>376,235</u>	<u>336,200</u>
Capital and reserves			
Paid-in capital/share capital	28	16,928	60,000
Reserves		359,307	276,200
Equity attributable to owners of the Company		<u>376,235</u>	<u>336,200</u>
Total equity		<u>376,235</u>	<u>336,200</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	December 31,	
		2024	2025
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	16	20,375	20,099
Intangible assets	17	153	–
Right-of-use assets	18	695	635
Investment in an associate	19	8,478	8,320
Investments in subsidiaries	37	–	2,000
		<u>29,701</u>	<u>31,054</u>
Current assets			
Prepayments and other receivables	20	16,816	26,887
Financial assets at FVTPL	21	329,071	372,172
Amounts due from a subsidiary	36	893	–
Cash and cash equivalents	22	53,798	2,535
		<u>400,578</u>	<u>401,594</u>
Current liabilities			
Trade and other payables	23	36,242	62,786
Borrowings	25	–	10,008
Amounts due to a related party	36	328	–
Lease liabilities	24	2,281	2,276
Contract liabilities	26	15,000	20,885
		<u>53,851</u>	<u>95,955</u>
Net current assets		<u>346,727</u>	<u>305,639</u>
Total assets less current liabilities		<u>376,428</u>	<u>336,693</u>
Non-current liability			
Lease liabilities	24	–	362
Net assets		<u>376,428</u>	<u>336,331</u>
Capital and reserves			
Paid-in capital/share capital	28	16,928	60,000
Reserves	29	359,500	276,331
Total equity		<u>376,428</u>	<u>336,331</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total
	Paid-in capital/ share capital	Share premium	Statutory reserve	Other reserve	Accumulated losses	
	RMB'000	RMB'000	RMB'000 (Note (i))	RMB'000 (Note (ii))	RMB'000	RMB'000
As at January 1, 2024.	16,320	566,702	2,232	(626,229)	(478,401)	(519,376)
Loss and total comprehensive expense for the year	–	–	–	–	(202,317)	(202,317)
Capital injection to the Company	608	–	–	–	–	608
Termination of financial instruments with preferred rights (Note 27)	–	471,091	–	626,229	–	1,097,320
As at December 31, 2024.	16,928	1,037,793	2,232	–	(680,718)	376,235
Loss and total comprehensive expense for the year	–	–	–	–	(135,084)	(135,084)
Conversion into a joint stock company (“Capitalization Issue”) (Note 28) . .	41,516	(685,252)	(2,232)	–	645,968	–
Recognition of equity-settled share- based payment (Note 30).	–	–	–	25,049	–	25,049
Capital injection to the Company (Note 28).	1,556	68,444	–	–	–	70,000
As at December 31, 2025.	60,000	420,985	–	25,049	(169,834)	336,200

Notes:

- (i) In accordance with the Articles of Association of the Company, it is required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years’ losses, expand the existing operations or convert into additional capital of the Company.
- (ii) The other reserves as at January 1, 2024 represent the impact of issue of financial instruments with preferred rights before the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2024	2025
	RMB’000	RMB’000
OPERATING ACTIVITIES		
Loss before tax	(202,317)	(135,080)
Adjustments for:		
Finance costs	52	129
Interest income on time deposits with original maturity of over three months	(1,044)	–
Share of result of an associate	239	158
Depreciation of property, plant and equipment	2,031	1,787
Depreciation of right-of-use assets	696	803
Amortization of intangible assets	230	153
Gain on disposal of property, plant and equipment	–	(1)
Gain on financial assets at FVTPL	(5,651)	(6,544)
Loss on financial instruments with preferred rights	124,725	–
Share-based payment expense	–	25,049
Operating cash flows before movements in working capital	(81,039)	(113,546)
Movements in working capital elements:		
Increase in prepayments and other receivables	(6,854)	(10,072)
Increase in trade and other payables	11,651	28,627
Decrease in amounts due to a related party	–	(328)
(Decrease) increase in contract liabilities	(1,800)	5,885
NET CASH USED IN OPERATING ACTIVITIES	(78,042)	(89,434)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,630)	(1,514)
Proceeds from disposal of property, plant and equipment	–	4
Proceeds from redemption of time deposits with original maturity over three months	130,000	–
Purchases of time deposits with original maturity over three months	(130,000)	–
Proceeds from disposal of financial assets at FVTPL	1,923,602	1,485,443
Purchases of financial assets at FVTPL	(1,970,000)	(1,522,000)
Interest received from time deposits with original maturity over three months	1,044	–
NET CASH USED IN INVESTING ACTIVITIES	(46,984)	(38,067)
FINANCING ACTIVITIES		
Repayments of lease liabilities	(661)	(386)
Interest paid on lease liabilities	(52)	(26)
Proceeds from capital injection to the Company	608	–
Proceeds from issuance of shares	–	70,000
Payments for share issue costs	–	(2,082)
New bank borrowings raised	–	10,000
Interest paid on bank borrowings	–	(95)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(105)	77,411
Net decrease in cash and cash equivalents	(125,131)	(50,090)
Cash and cash equivalents at beginning of the year	178,941	53,810
CASH AND CASH EQUIVALENTS AT THE END OF YEAR . .	53,810	3,720

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the People’s Republic of China (the “PRC”) on February 20, 2017 as a limited liability company. On March 18, 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC, with its name changed from HJ Science Co., Ltd. (成都華健未來科技有限公司) to HJ Science Co., Ltd. (華健未來(成都)科技股份有限公司). The respective address of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the Document. The Company’s controlling shareholder and ultimate controlling party is Dr. Ji Jianxin (姬建新), who is also the chief executive of the Company.

The principal activities of the Group are mainly research and development of new small molecule drugs. The Group’s principal operations and geographic markets are in the PRC. Particulars of subsidiaries are disclosed in Note 37.

The Historical Financial Information are presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards.

The Historical Financial Information has been prepared on the historical cost basis, except for financial assets at FVTPL and financial instruments with preferred rights, which have been measured at fair value.

The statutory financial statements of the Company for the year ended December 31, 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC and were audited by Zhongzheng Tiantong Certified Public Accountants (LLP) Anhui Branch* (中證天通會計師事務所(特殊普通合夥)安徽分所), certified public accountants registered in the PRC. [No statutory financial statements of the Company have been prepared for the year ended December 31, 2025 as the financial statements have not yet been due to issue].

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards-Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

* English name is for identification purpose only

APPENDIX I

ACCOUNTANTS’ REPORT

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

Except for the new IFRS Accounting Standard mentioned above, the management of the Group considers that the application of all the amendments to IFRS Accounting Standards is unlikely to have a material impact on the Group’s financial position and performance in foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 “Impairment of Assets” as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in Notes 6 and 26.

Employee benefits

Retirement benefit costs

The Group participates in government-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff’s wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

APPENDIX I

ACCOUNTANTS’ REPORT

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the research and development activities, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives 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 (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of each reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or designated as fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses, net” line item.

APPENDIX I

ACCOUNTANTS’ REPORT

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including other receivables, restricted bank deposit and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered an event of default unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

At the date of issue, the financial instruments with preferred rights are designated as financial liabilities at FVTPL. In subsequent period, changes in fair value (including dividend and interest incurred) are recognized in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to accumulated losses upon derecognition.

Transaction costs relating to the issue of the financial instruments with preferred rights are charged to profit or loss immediately.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to a related party and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Share-based payment

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payment to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payment determined at the grant date without taking into consideration all nonmarket vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserve.

At the same time, the Group recognized the cash received from the grantees as a capital contribution from the shareholder(s) of the Company in capital reserve included in other reserves. When shares granted are vested, the amounts previously recognized in other reserve will be transferred to share premium. If the grantee leaves the Group before end of the vesting period, the amount previously recognized as capital contribution will remain in the same reserve.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s material accounting policies, which are described in Note 4, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Fair value measurement of financial instruments with preferred rights

As at January 1, 2024, the Group’s financial instruments with preferred rights amounting to RMB972,595,000, is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the financial instruments with preferred rights. Details of the financial instruments with preferred rights are disclosed in Note 27.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2024	2025
	RMB’000	RMB’000
Type of revenue		
– Out-licensing arrangement	1,800	12,982
Timing of revenue recognition		
– Over time	1,800	12,982

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Performance obligations for contracts with customers and revenue recognition policies

License-out of HJ197

In November 2020, the Group entered into a license and collaboration agreement (the “HJ197 Agreement”) with Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司) (“Junshi Biosciences”), an investor of the Company, for the research, development, manufacturing and commercialization activities of HJ197, an oral drug for the treatment of gastrointestinal cancer in Asia. Under the agreement, the Company received a non-refundable upfront payment in January 2021 (the “Upfront Payment”) and is eligible to receive payments according to timing in achievements of various clinical trial milestones and research and development expenses invested subsequently.

The revenue for out-licensing arrangement is recognized as a performance obligation satisfied over time. The progress towards complete satisfaction of the performance obligation in respect of out-licensing arrangement is measured based on cost-based input method, which is based on actual costs incurred as a percentage of total estimated costs as the Group completes its performance obligation, that best depict the Group’s performance in transferring control of out-licensing arrangement.

On June 18, 2025, the Group entered into a supplementary agreement (the “HJ197 Novation Agreement”) with Junshi Biosciences and its subsidiary, Shanghai Junze Chuangyao Biotechnology Co., Ltd.* (上海筠澤創曜生物科技有限公司) (“Junze Chuangyao”) to novate the rights and obligations under the HJ197 Agreement. Pursuant to the HJ197 Novation Agreement, the parties agree that all rights and obligations of Junshi Biosciences are transferred to Junze Chuangyao on the date of the HJ197 Novation Agreement. The Company received a clinical trial milestone payment (the “Milestone Payment”) aggregating RMB20,000,000 from Junze Chuangyao on July 18, 2025.

As at December 31, 2025, HJ197 is still in the research and development process. For the years ended December 31, 2024 and 2025, the Group recognized contract revenue related to the license-out of HJ197 of RMB1,800,000 and RMB12,982,000, respectively. As at December 31, 2024 and 2025, the Upfront Payment and the Milestone Payment that had not been recognized as revenue were recorded as contract liabilities.

(iii) Transaction price allocated to the remaining performance obligation for contracts with the customer

The transaction price allocated to the remaining performance obligation for the license-out (unsatisfied or partially unsatisfied) as at December 31, 2024 and 2025 and the expected timing of recognizing revenue are as follows:

	December 31,	
	2024	2025
	RMB’000	RMB’000
Within one year	1,500	5,343
More than one year but not more than two years	3,900	12,143
Over two years	9,600	3,399
	<u>15,000</u>	<u>20,885</u>

(iv) Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief executive officer of the Group, being the chief operating decision maker (“CODM”), in order to allocate resources and to assess the performance.

During the Track Record Period, the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment and no further analysis of the single segment is presented.

(v) Geographical information

During the Track Record Period, all of the Group’s revenue was generated in the PRC and all of its non-current assets were located in the PRC.

7. OTHER INCOME

	Year ended December 31,	
	2024	2025
	RMB’000	RMB’000
Government grants (<i>Note</i>).	774	88
Interest income on:		
– bank deposits	1,038	87
– term deposits with original maturity of over three months	1,044	–
	<u>2,856</u>	<u>175</u>

Note: The amounts represent government grants received from various PRC government authorities as incentives for the Group’s research and development activities.

* English name is for identification purpose only

APPENDIX I

ACCOUNTANTS’ REPORT

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Loss from changes in fair value of financial instruments with preferred rights (<i>Note 27</i>)	(124,725)	–
Gain from changes in fair value of financial assets at FVTPL	5,651	6,544
Gain on disposal of property, plant and equipment	–	1
	(119,074)	6,545

9. FINANCE COSTS

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Interest on lease liabilities	(52)	(26)
Interest on bank borrowings	–	(103)
	(52)	(129)

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax (“EIT”)	–	(4)

Pursuant to the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the applicable tax rate of the Company and its subsidiaries is 25% during the Track Record Period.

The Company was accredited as a High and New Technology Enterprise recognized by Science and Technology Commission of Chengdu Municipality on November 2, 2022, and was reaccruited as such by the same authority on December 8, 2025 after the last accreditation expired, and enjoys a preferential tax rate of 15% for the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2023 onwards, enterprises engage in research and development activities are entitled to claim 200% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year. As such, the Company enjoyed super deduction of 200% on qualifying research and development expenditures throughout the Track Record Period.

The tax charge for each reporting period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Loss before tax	(202,317)	(135,080)
Tax calculated at the applicable income tax rate of 25%	(50,579)	(33,770)
Tax effect of expenses not deductible for tax purpose	31,209	6,270
Income tax at concessionary rate	–	(15)
Tax effect of share of result of an associate	59	40
Tax effect of super deduction on research and development expenses	(16,009)	(13,764)
Tax effect of tax losses not recognized	35,307	41,139
Tax effect of deductible temporary differences not recognized	13	104
Income tax expense	–	4

As at December 31, 2024 and 2025, the Group has unused tax losses of RMB403,094,000 and RMB566,925,000, respectively. These tax losses will be expired in 5 to 10 years. As at December 31, 2024 and 2025, the Group has deductible temporary differences of RMB50,000 and RMB417,000, respectively. No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) Dr. Ji Jianxin was appointed as a director and the chief executive officer of the Company since September 2018 and was re-designated as an executive director of the Company on July 11, 2025.
- (b) Mr. Wu Zhen was appointed as a director of the Company since September 2018 and was re-designated as an executive director of the Company on July 11, 2025.
- (c) Ms. Zhang Yao was appointed as a director of the Company since March 18, 2025 and was re-designated as an executive director of the Company on July 11, 2025.
- (d) Ms. Geng Xueli and Mr. Wang Junfeng were appointed as directors of the Company on October 12, 2020 and was re-designated as non-executive directors of the Company on July 11, 2025.
- (e) Mr. Du Jiangbo was appointed as a director of the Company on February 3, 2021 and was re-designated as a non-executive director of the Company on July 11, 2025.
- (f) Mr. Yang Xiangyu was designated as a director of the Company on January 18, 2024 and was re-designated as an executive director of the Company on July 11, 2025.
- (g) Mr. Zhang Zhiyong was appointed as a director of the Company on January 18, 2024 and was re-designated as a non-executive director of the Company on July 11, 2025.
- (h) Mr. Tang Gaojia, Ms. Gao Qian and Ms. Wang Liqun were appointed as the supervisors of the Company on March 18, 2025. Ms. Guo Qi was appointed as the supervisor of the Company on November 5, 2025. Ms. Gao Qian ceased to serve as a supervisor on November 5, 2025.

The directors’ emoluments shown above were for their services as directors of the Company. The supervisors’ emoluments shown above were for their services as supervisors of the Company.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Track Record Period.

On July 11, 2025, Mr. Wong Jovi Chi Wing (王志榮), Mr. Jiang He (姜和), Ms. Lin Fangzhu (林芳竹) and Mr. Liu Zhe (劉哲) were appointed as the independent non-executive directors of the Company, and the respective appointments will become effective upon the successful completion of the [REDACTED] (as defined in Note 27).

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included 2 and 2 directors of the Company for the year ended December 31, 2024 and 2025, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining 3 and 3 highest paid individuals for the year ended December 31, 2024 and 2025, respectively, are as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Salaries and other benefits	4,399	3,910
Retirement benefit scheme contribution	32	74
Equity-settled share-based payment	–	6,917
Total	4,431	10,901

The number of the highest paid employees who are not the directors or supervisors of the Group whose remuneration fell within the following bands is as follows:

	Number of individuals	
	Year ended December 31,	
	2024	2025
Nil to Hong Kong Dollar (“HK\$”) 1,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$2,000,001 to HK\$2,500,000	2	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$6,500,001 to HK\$7,000,000	–	1
	3	3

During the Track Record Period, no remuneration was paid by the Group to the directors or supervisors of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

APPENDIX I

ACCOUNTANTS’ REPORT

14. DIVIDENDS

No dividend was declared or paid by the Company in respect of the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Loss for the year:		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(202,317)	(135,084)
Loss for the year attributable to owners of the Company for the purpose of diluted loss per share	(202,317)	(135,084)

Number of Shares ('000):

	Year ended December 31,	
	2024	2025
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	39,518	59,280
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	39,518	59,280

Certain investors’ shares, which are recorded as financial instruments with preferred rights in Note 27, are not treated as outstanding shares and thus are excluded in the calculation of basic loss per share until the preferential right was terminated on August 29, 2024.

The Company was converted to a joint stock company on March 18, 2025, 58,444,059 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. This capitalization of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the capital contributions by the then shareholder.

For the year ended December 31, 2024, the financial instruments with preferred rights were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. For the year ended December 31, 2025, the Pre-[REDACTED] Share Incentive Scheme as detailed in Note 30 was also not included in the calculation of diluted loss per share as its inclusion would be anti-dilutive. Accordingly, the diluted loss per share is the same as the basic loss per share of the respective year.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Building	Machinery	Electronic equipment, fixtures and furnitures	Office equipment	Transportation equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2024	20,344	2,360	536	640	1,170	1,912	26,962
Additions	712	864	6	48	—	—	1,630
At December 31, 2024	21,056	3,224	542	688	1,170	1,912	28,592
Additions	—	61	—	168	—	1,285	1,514
Disposals	—	—	—	—	(65)	—	(65)
At December 31, 2025	21,056	3,285	542	856	1,105	3,197	30,041
DEPRECIATION							
At January 1, 2024	1,875	1,571	437	473	882	935	6,173
Provided for the year	1,115	131	41	50	184	510	2,031
At December 31, 2024	2,990	1,702	478	523	1,066	1,445	8,204
Provided for the year	932	186	22	77	46	524	1,787
Eliminated on disposals	—	—	—	—	(62)	—	(62)

APPENDIX I

ACCOUNTANTS’ REPORT

	Building	Machinery	Electronic equipment, fixtures and furnitures	Office equipment	Transportation equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2025	3,922	1,888	500	600	1,050	1,969	9,929
CARRYING VALUES							
At December 31, 2024	18,066	1,522	64	165	104	467	20,388
At December 31, 2025	17,134	1,397	42	256	55	1,228	20,112

The Company

	Building	Machinery	Electronic equipment, fixtures and furnitures	Office equipment	Transportation equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2024	20,344	1,052	536	640	933	1,912	25,417
Additions	712	864	6	48	–	–	1,630
At December 31, 2024	21,056	1,916	542	688	933	1,912	27,047
Additions	–	61	–	168	–	1,285	1,514
Disposals	–	–	–	–	(65)	–	(65)
At December 31, 2025	21,056	1,977	542	856	868	3,197	28,496
DEPRECIATION							
At January 1, 2024	1,875	263	437	473	700	935	4,683
Provided for the year	1,115	131	41	50	142	510	1,989
At December 31, 2024	2,990	394	478	523	842	1,445	6,672
Provided for the year	932	186	22	77	46	524	1,787
Eliminated on disposals	–	–	–	–	(62)	–	(62)
At December 31, 2025	3,922	580	500	600	826	1,969	8,397
CARRYING VALUES							
At December 31, 2024	18,066	1,522	64	165	91	467	20,375
At December 31, 2025	17,134	1,397	42	256	42	1,228	20,099

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of the residual value as follows:

Building	30-40 years
Machinery	10 years
Electronic equipment, fixtures and furnitures	3 years
Office equipment	5 years
Transportation equipment	4 years
Leasehold improvement	3-5 years

During the Track Record Period and at the end of each reporting period, no indication of the impairment for property, plant and equipment was identified.

17. INTANGIBLE ASSETS

The Group and the Company

	Database use right
	RMB'000
COST	
At January 1, 2024, December 31, 2024 and 2025	2,106
AMORTIZATION	
At January 1, 2024.	1,723
Charge for the year	230
At December 31, 2024.	1,953
Charge for the year	153

APPENDIX I

ACCOUNTANTS’ REPORT

	Database use right
	<i>RMB’000</i>
At December 31, 2025.	2,106
CARRYING VALUES	
At December 31, 2024.	153
At December 31, 2025.	–

All of the Group’s and the Company’s database use right was acquired from third parties and the amortization of these intangible assets will begin when it is available for use. Database use right was amortized on a straight-line basis over two years.

18. RIGHT-OF-USE ASSETS

The Group and the Company

	Leased buildings
	<i>RMB’000</i>
As at December 31, 2024	
Carrying amount	695
As at December 31, 2025	
Carrying amount	635
For the year ended December 31, 2024	
Amortization charge	696
For the year ended December 31, 2025	
Amortization charge	803

	Year ended December 31,	
	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>
Total cash outflow for		
leases (<i>Note 33</i>)	713	412
Additions to right-of-use assets	–	743

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

During the Track Record Period, the Group and the Company leases offices for its operations. Lease contracts are entered into for fixed term of 3 years to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company applies the definition of a contract and determines the period for which the contract is enforceable.

As at December 31, 2024 and 2025, the Group’s and the Company’s lease liabilities of RMB2,281,000 and RMB2,638,000 are recognized with related right-of-use assets of RMB695,000 and RMB635,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

During the Track Record Period and at the end of each reporting period, no indication of the impairment for right-of-use assets was identified.

19. INVESTMENT IN AN ASSOCIATE

	December 31,	
	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>
Investment in an associate under equity method	8,478	8,320

APPENDIX I

ACCOUNTANTS’ REPORT

Detail of the associate held by the Group and the Company is set out below:

Name of associate	Place of incorporation/ establishment and principal place of business	Proportion ownership interest and voting power held by the Group and the Company as at		As at the date of this report	Principal activity
		December 31,			
		2024	2025		
		%	%		
Zhangjiakou Huajian Zhiyuan Biotechnology Co., Ltd.* (張家口華健致遠生物科技公司) (“Zhangjiakou Zhiyuan”)	the PRC	72	72	72	Biopharmaceutical technical services

The Group has 72% ownership interest and voting right in Zhangjiakou Zhiyuan. According to the articles of association, the voting power is exercised with reference to respective percentage of registered share capital and the decision-making authority with respect to Zhangjiakou Zhiyuan’s operating activities shall account for more than 75%. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of Zhangjiakou Zhiyuan unilaterally, the directors of the Company conclude that the Group only has significant influence over Zhangjiakou Zhiyuan and, as a result, it is classified as an associate of the Group as at December 31, 2024 and 2025.

20. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	December 31,	
	2024	2025
	RMB’000	RMB’000
Prepayments to third parties	9,543	11,333
Value-added tax recoverable	7,115	10,511
Deferred issue costs	–	4,949
Other receivables	420	357
	17,078	27,150

The Company

	December 31,	
	2024	2025
	RMB’000	RMB’000
Prepayments to third parties	9,543	11,333
Value-added tax recoverable	6,853	10,248
Deferred issue costs	–	4,949
Other receivables	420	357
	16,816	26,887

21. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	December 31,	
	2024	2025
	RMB’000	RMB’000
Current assets		
Structured bank deposits (Note (i))	321,319	221,328
Wealth management products (Note (ii))	7,752	150,844
	329,071	372,172

* English name is for identification purpose only

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (i) As at December 31, 2024 and 2025, the structured bank deposits issued by banks are short-term investments denominated in RMB with no predetermined or guaranteed return but are principal protected. The expected return were 1.14% to 2.81% per annum and 1.00% to 2.30% per annum as at December 31, 2024 and 2025, respectively, depending on the market prices including the United States Dollar, Singapore Dollar, Euro and gold price.
- (ii) The amounts represent wealth management products issued by financial institutions subscribed by the Group with no guaranteed principal and return, while the total expected return is up to 1.77% and 2.13% per annum as at December 31, 2024 and 2025, respectively, depending on the performance of the underlying financial investments or the change in interest rates as specified in the relevant placements. The original maturity periods of these wealth management products range from 7 days to over one year. These financial assets are classified as current as the management expects to realise these financial assets within twelve months after each reporting period.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group’s and the Company’s short-term cash commitments. These deposits carry interest at market rates of 0.10% to 0.34% per annum and 0.05% to 0.45% per annum as at December 31, 2024 and 2025, respectively.

23. TRADE AND OTHER PAYABLES

The Group

	December 31,	
	2024	2025
	RMB’000	RMB’000
Trade payables	23,310	38,084
Salary and bonus payables	7,911	8,582
Other payables	4,919	3,561
Accrued [REDACTED] expense and [REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	189	26
	<u>36,329</u>	<u>62,874</u>

The credit period granted by trade creditors is normally within three months. The following is an aged analysis of trade payables presented based on the dates of delivery of goods/dates of rendering of services:

	December 31,	
	2024	2025
	RMB’000	RMB’000
Within 1 year	20,966	36,124
1 to 2 years	74	1,935
2 to 3 years	2,245	–
Over 3 years	25	25
	<u>23,310</u>	<u>38,084</u>

The Company

	December 31,	
	2024	2025
	RMB’000	RMB’000
Trade payables	23,306	38,079
Salary and bonus payables	7,911	8,582
Other payables	4,840	3,482
Accrued [REDACTED] and [REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	185	22
	<u>36,242</u>	<u>62,786</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The credit period granted by trade creditors is normally within three months. The following is an aged analysis of trade payables presented based on the dates of delivery of goods/dates of rendering of services:

	December 31,	
	2024	2025
	RMB'000	RMB'000
Within 1 year	20,966	36,123
1 to 2 years	74	1,935
2 to 3 years	2,245	–
Over 3 years	21	21
	<u>23,306</u>	<u>38,079</u>

24. LEASE LIABILITIES

The Group and the Company

	December 31,	
	2024	2025
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	2,281	2,276
Within a period of more than one year but not exceeding two years	–	251
Within a period of more than two year but not exceeding five years	–	111
	<u>2,281</u>	<u>2,638</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(2,281)</u>	<u>(2,276)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>–</u>	<u>362</u>

The weighted average incremental borrowing rates applied to lease liabilities are 4.65% and 4.45% per annum as at December 31, 2024 and 2025.

25. BORROWINGS

The Group and the Company

	December 31,	
	2024	2025
	RMB'000	RMB'000
At amortized cost		
Bank borrowings:		
– Fixed-rate, unsecured and repayable within one year	<u>–</u>	<u>10,008</u>

The bank borrowings are unsecured, unguaranteed, and carried a fixed-rate interest rate (also being the effective interest rate) of 2.50% per annum as at December 31, 2025.

26. CONTRACT LIABILITIES

The Group and the Company

	December 31,	
	2024	2025
	RMB'000	RMB'000
Out-licensing arrangement	<u>15,000</u>	<u>20,885</u>

As at January 1, 2024, the Group and the Company had contract liabilities of RMB16,800,000 related to out-licensing arrangement.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows the amount of the revenue recognized relates to carried-forward contract liabilities:

	Year ended December 31,	
	2024	2025
	RMB’000	RMB’000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year:		
Out-licensing arrangement	1,800	2,228

27. FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS

The Group and the Company

Series A Financing

In December 2017, the Company entered into an investment agreement (the “Series A Financing”) with two independent investors (collectively as the “Series A Investors”), pursuant to which the Series A Investors shall make total investments of RMB104,329,000 to subscribe newly issued paid-in capital with preferential rights, totalling RMB3,529,000. One of the investors (“Investor A-I”) paid RMB24,329,000 to subscribe for RMB823,000 paid-in capital with preferential rights. The other investor (“Investor A-II”) subscribed for RMB2,706,000 paid-in capital with preferential rights at a consideration of RMB80,000,000, of which RMB42,000,000 was paid in December 2017 for RMB1,476,000 paid-in capital with preferential rights. According to the supplementary agreement entered into among Investor A-II, Dr. Ji Jianxin and the other investors of the Company in October 2019, Investor A-II would waive the remaining investment and Dr. Ji Jianxin agreed to transfer 1.00% of the equity interest to Investor A-II without consideration.

Series B Financing

In December 2019 and September 2020, the Company, the controlling shareholder, the Series A Investors and other investors of the Company entered into an investment agreement (the “Series B Financing”) with two independent investors (collectively as the “Series B Investors”). Pursuant to the agreement, the Series B Investors shall make total investments of RMB80,000,000 to subscribe for RMB1,406,000 paid-in capital with preferential rights. The cash consideration was fully settled before October 2020.

Series B+ Financing

In December 2020 and May 2021, the Company, the controlling shareholder, the Series A Investors, the Series B Investors and other investors of the Company entered into four investment agreements (the “Series B+ Financing”) with several independent investors (collectively as the “Series B+ Investors”). Pursuant to those agreements, the Series B+ Investors shall make total investments of RMB157,300,000 to subscribe for RMB1,437,000 paid-in capital with preferential rights. The cash consideration was fully settled before June 2021. Pursuant to these agreements, Investor A-I shall transfer RMB362,000 paid-in capital with preferential rights to several investors of the Series B+ Investors at a total consideration of RMB29,100,000.

Series B++ Financing

In August 2021, the Company, the controlling shareholder, the Series A Investors, the Series B Investors, Series B+ Investors and other investors of the Company entered into an investment agreement (the “Series B++ Financing”) with two independent investors (collectively as the “Series B++ Investors”), pursuant to which the Series B++ Investors shall make total investments of RMB40,000,000 to subscribe for RMB306,000 paid-in capital with preferential rights. The cash consideration was fully settled in October 2021.

In August 2021, the Company entered into an investment agreement with the Series B++ Investors and Investor A-I, pursuant to which the Investor A-I shall transfer RMB202,000 paid-in capital with preferential rights to the Series B++ Investors at a total consideration of RMB20,000,000.

Series C1 Financing

In December 2023, the Company, the controlling shareholder, the Series A Investors, the Series B Investors, Series B+ Investors, Series B++ Investors and other investors of the Company entered into an investment agreement (the “Series C1 Financing”) with several independent investors (collectively as the “Series C1 Investors”), pursuant to which the Series C1 Investors shall make total investments of RMB230,000,000 to subscribe for RMB1,480,000 paid-in capital with preferential rights. The cash consideration was fully settled in December 2023.

The Series A Investors, Series B Investors, Series B+ Investors, Series B++ Investors and Series C1 Investors are collectively as the Investors.

(i) *Liquidation preferences*

If any liquidation, dissolution, termination or deemed liquidation event occurs in the Company:

The Series C1 Investors, Series B++ Investors, Series B+ Investors, Series B Investors and Series A Investors shall be entitled to receive the following amounts in order: (i) the amount equal to the original investment amount and (ii) any dividends that have been declared but not yet paid.

APPENDIX I

ACCOUNTANTS’ REPORT

If Investors have transferred part of their held paid-in capital with preferential rights before liquidation, the base for claiming the liquidation preference amounts shall deduct the original investment amount corresponding to the transferred part of the paid-in capital with preferential rights.

If there are any assets or funds remaining after the payment of the preference amount, the remaining assets or funds available for distribution to the members of the Company shall be distributed ratably among all members including the Investors according to the relative number of shares held by such members.

(ii) *Anti-dilution right*

If the Company issues new shares at a price lower than the price paid by the Investors, the Investors shall have the right to require the Company to issue new shares or Dr. Ji Jianxin to transfer shares to the Investors at nil consideration, a minimum purchase price permitted under the PRC laws, or require Dr. Ji Jianxin to make cash compensation, so that the amount paid by the Investors divided by the total number of shares obtained equal to the newly issued shares.

(iii) *Redemption right*

Upon occurrence of the following events, any investor shall have the right to require the redemption of their held shares: (i) the Company failed to complete a qualified [REDACTED] (“[REDACTED]”) before October 20, 2025 and the investment consideration of the relevant investor has been settled for five years or more; (ii) any other investor, other than the investor themselves, requires redemption and (iii) any material breach of the investment agreement by the controlling shareholder or the Company, or any serious illegal actions that may cause significant loss to the interests of the investors. The redemption amount is calculated as the higher of (i) the amount equal to the original investment amount plus interest of 10% per annum calculated on a simple basis and any dividends that have been declared but not yet paid and (ii) the audited net asset value per share of the Company multiplied by the number of shares that the investor requests to be repurchased upon issuing a written redemption notice.

Presentation and classification

The Company elected to designate the paid-in capital with preferential rights held by the Investors as financial liabilities at FVTPL. The fair value change of the financial liabilities is charged/credited to profit or loss (changes in fair value of financial liabilities at FVTPL) except for the portion attributable to credit risk change which shall be charged/credited to other comprehensive income, if any. The directors of the Company considered that the credit risk change on the financial liabilities that drives the fair value change of the financial liabilities during the Track Record Period is minimal.

The financial liabilities at FVTPL were valued by the directors of the Company with reference to an independent valuation.

The movement of the financial instruments with preferred rights are set out as below:

	Financial instruments with preferred rights
	<i>RMB’000</i>
At January 1, 2024.	972,595
Change in fair value	124,725
Termination of financial instruments with preferred rights (<i>Note</i>)	(1,097,320)
At December 31, 2024 and December 31, 2025	–

Note: On August 29, 2024, the Company entered into an agreement with the Investors to terminate all preferential rights under the issued paid-in capital with preferential rights for which the Company is the obligor. Accordingly, the financial liabilities at FVTPL were reclassified from financial liabilities to equity at their fair value, resulting in an increase of share premium of RMB471,091,000 and an increase of other reserves of RMB626,229,000.

Back-solve method was used to determine the underlying equity value of the Company as at January 1, 2024 by reference to the issue price of the Series C1 Financing and discounted cash flow method was used to determine the underlying equity value of the Company as at August 29, 2024.

Hybrid method was adopted to allocate the equity value amongst different classes of shares of the Company at the end of each reporting period. The hybrid method is a hybrid between the probability-weighted expected return method and the option pricing method (“OPM”), using the OPM to estimate the allocation of value across multiple scenarios and estimating the probability-weighted value of those scenarios.

APPENDIX I

ACCOUNTANTS’ REPORT

The discount rate used in the discounted cash flow method was 14% as at August 29, 2024. The key valuation assumptions used to determine the fair value are as follows:

	January 1, 2024	August 29, 2024
Risk-free interest rate	2.40%	1.79%
Discount for lack of marketability	20.00%	15.00%
Volatility rate	59.83%	60.96%
Possibilities under liquidation scenario	17.50%	17.50%
Possibilities under [REDACTED] scenario	65.00%	65.00%
Possibilities under redemption scenario	17.50%	17.50%

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

	Number of shares	Amount RMB’000
Ordinary shares of RMB1 each		
Authorised:		
At January 1, 2024 and December 31, 2024	—	—
Capitalization Issue (<i>Note (i)</i>)	58,444,059	58,444
Capital injection to the Company (<i>Note (ii)</i>)	1,555,546	1,556
At December 31, 2025.	59,999,605	60,000

Issued and fully paid (RMB’000):

At January 1, 2024.	16,320
Capital injection to the Company	608
At December 31, 2024.	16,928
Capitalization Issue (<i>Note (i)</i>)	41,516
Capital injection to the Company (<i>Note (ii)</i>)	1,556
At December 31, 2025.	60,000

Notes:

- (i) Pursuant to the shareholders’ resolutions and the promoters’ agreement dated March 18, 2025, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, which is August 31, 2024, including paid-in capital and reserves were converted into 58,444,059 ordinary shares at RMB1 each. The excess of the net assets converted over the nominal value of the ordinary shares was debited to the Company’s share premium. Upon the completion of registration with the Administration For Market Regulation of Chengdu on April 15, 2025, the Company was converted into a joint stock limited liability company under PRC Company Law, and renamed to HJ Science Co., Ltd. (華健未來(成都)科技股份有限公司).
- (ii) In June 2025, the Company, the controlling shareholder, the Investors and other investors of the Company entered into an investment agreement (the “Series C2 Financing”) with three new independent investors (collectively as the “Series C2 Investors”), pursuant to which the Series C2 Investors shall make total investments of RMB70,000,000 to subscribe for 1,555,546 shares. The consideration was fully settled on July 11, 2025. These Series C2 Investors were granted certain special rights by Dr. Ji under the Series C2 Financing, including, among others, redemption rights, liquidation preference rights and anti-dilution rights. No special rights were granted by the Company.

29. RESERVES OF THE COMPANY

	Share premium RMB’000	Statutory reserve RMB’000	Other reserve RMB’000	Accumulated losses RMB’000	Total RMB’000
At January 1, 2024	566,702	2,232	(626,229)	(480,259)	(537,554)
Loss and total comprehensive expense for the year	—	—	—	(200,266)	(200,266)
Termination of financial instruments with preferred rights	471,091	—	626,229	—	1,097,320
At December 31, 2024	1,037,793	2,232	—	(680,525)	359,500

APPENDIX I

ACCOUNTANTS’ REPORT

	Share premium	Statutory reserve	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss and total comprehensive expense for the year	—	—	—	(135,146)	(135,146)
Capitalization Issue	(685,252)	(2,232)	—	645,968	(41,516)
Recognition of equity-settled share-based payment	—	—	25,049	—	25,049
Capital injection to the Company	68,444	—	—	—	68,444
At December 31, 2025	420,985	—	25,049	(169,703)	276,331

30. SHARE-BASED PAYMENT TRANSACTIONS

Pre-[REDACTED] Share Incentive Scheme

As approved by the Company’s shareholders on July 11, 2025, the Company adopted the pre-[REDACTED] employee incentive scheme (the “Pre-[REDACTED] Share Incentive Scheme”). The awards granted to eligible participants (the “Eligible Participants”) under the Pre-[REDACTED] Share Incentive Scheme are sourced from the shares of the Company held by Suzhou Jishitang Enterprise Management Center (Limited Partnership)* (蘇州積石堂企業管理中心(有限合夥)) (“Suzhou Jishitang”), one of the Group’s employee incentive platforms. Under the Pre-[REDACTED] Share Incentive Scheme, a total of 2,093,400 shares have been granted to the Eligible Participants, who are determined by the scheme’s administrator, Dr. Ji Jianxin.

Pursuant to the Pre-[REDACTED] Share Incentive Scheme, the granted restricted shares held by the Eligible Participants by virtue of the partnership interests held by them in the employee incentive platforms are subject to performance targets and lock-up restrictions for a period commencing from the date of signing grant agreement to the date of completion of three years of service of the Eligible Participants with the Group and such restrictions shall be released in the following manner:

- 30% of the total number of shares shall be released from transfer restrictions upon the Eligible Participants completing one year of continuous service to the company, with the vesting period commencing from the date of signing grant agreement;
- 30% of the total number of shares shall be released from transfer restrictions upon the Eligible Participants completing two years of continuous service to the company, with the vesting period commencing from the date of signing grant agreement; and
- 40% of the total number of shares shall be released from transfer restrictions upon the Eligible Participants completing three years of continuous service to the company, with the vesting period commencing from the date of signing grant agreement.

The table below discloses movement of the Pre-[REDACTED] Share Incentive Scheme as at December 31, 2025:

	Unvested shares	Fair value per share at the date of grant
	'000	
At January 1, 2025	—	
Granted	2,903	RMB45.00
At December 31, 2025	2,903	

Details of the unvested shares as at December 31, 2025 under the Pre-[REDACTED] Share Incentive Scheme are as follows:

Grant date	Shares	Grantee
	'000	
July 15, 2025	1,264	Directors
July 15, 2025	13	Supervisors
July 15, 2025	600	Senior managements
July 15, 2025	216	Other employees

The directors determined the fair value of shares granted under the Pre-[REDACTED] Share Incentive Scheme at grant date, using the market approach (recent transaction method, in particular) and based on the fair value of the Series C2 Financing. The fair value of the aforesaid granted shares at grant date would be recognized as an expense on a straight-line basis over the vesting period, based on the Group’s estimate of the shares that will eventually vest. The Group recognized total corresponding equity-settled share-based payment expense of RMB25,049,000 for the year ended December 31, 2025.

* English name is for identification purpose only

APPENDIX I

ACCOUNTANTS’ REPORT

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes the lease liabilities (Note 24) and bank borrowings (Note 25), net of cash and cash equivalent and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the issue of new shares, new debts or the redemption of existing debts.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	December 31,	
	2024	2025
	RMB’000	RMB’000
Financial assets		
Financial assets measured at FVTPL	329,071	372,172
<i>At amortized cost</i>		
Cash and cash equivalents	53,810	3,720
Restricted bank deposit	500	500
Other receivables	420	357
	54,730	4,577
	383,801	376,749
Financial liabilities		
<i>At amortized cost</i>		
Trade and other payables*	28,229	54,266
Bank borrowings	–	10,008
Amounts due to a related party	328	–
	28,557	64,274

* Salary and bonus payables and other tax payables are excluded.

The Company

	December 31,	
	2024	2025
	RMB’000	RMB’000
Financial assets		
Financial assets measured at FVTPL	329,071	372,172
<i>At amortized cost</i>		
Cash and cash equivalents	53,798	2,535
Other receivables	420	357
Amounts due from a subsidiary	893	–
	55,111	2,892
	384,182	375,064
Financial liabilities		
<i>At amortized cost</i>		
Trade and other payables*	28,146	54,182
Bank borrowings	–	10,008
Amounts due to a related party	328	–
	28,474	64,190

* Salary and bonus payables and other tax payables are excluded.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial risk management objectives and policies

The Group’s and Company’s major financial instruments include other receivables, amounts due from a subsidiary, restricted bank deposit, cash and cash equivalents, financial assets at FVTPL, trade and other payables, amounts due to a related party, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

As at the end of each reporting period, the Group’s and Company’s monetary assets and monetary liabilities are denominated in RMB.

(ii) Interest rate risk

The Group’s and the Company’s fair value interest rate risk relates primarily to fixed-rate lease liabilities (Note 24), and fixed-rate bank borrowings (Note 25). The Group and the Company are also exposed to cash flow interest risk in relation to variable-rate bank balances (Note 22) which carry prevailing market interests and financial products (Note 21). The Group currently does not have a specified policy to manage its interest rate risk but will closely monitor their interest rate risk exposure in the future. No sensitivity analysis on cash flow interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances and financial products is insignificant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s and the Company’s counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group’s and the Company’s credit risk exposures are primarily attributable to cash and cash equivalents.

The Group’s and the Company’s exposure to credit risk arising from cash and cash equivalents is limited and remote because the counterparties are state-owned banks or reputable commercial banks for which the Group and the Company considers to have immaterial credit risk and no impairment was provided at the end of each year.

Liquidity risk

In management of the liquidity risk, the Group and the Company monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows. The Group and the Company relies on shareholders’ investment as a significant source of liquidity.

The following tables detail the Group’s and the Company’s remaining contractual maturity for its financial liabilities and lease liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

The Group

	Interest rates	On demand or within 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Total carrying amount
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At December 31, 2024						
<i>Non-interest bearing</i>						
Trade and other payables	–	28,229	–	–	28,229	28,229
Amounts due to a related party	–	328	–	–	328	328
		<u>28,557</u>	<u>–</u>	<u>–</u>	<u>28,557</u>	<u>28,557</u>
<i>Interest bearing</i>						
Lease liabilities	4.65	2,296	–	–	2,296	2,281
		<u>30,853</u>	<u>–</u>	<u>–</u>	<u>30,853</u>	<u>30,838</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Interest rates	On demand or within 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2025						
<i>Non-interest bearing</i>						
Trade and other payables	–	54,266	–	–	54,266	54,266
<i>Interest bearing</i>						
Bank borrowings	2.50	10,157	–	–	10,157	10,008
Lease liabilities	4.45	2,294	260	112	2,666	2,638
		12,451	260	112	12,823	12,646
		66,717	260	112	67,089	66,912

The Company

	Interest rates	On demand or within 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024						
<i>Non-interest bearing</i>						
Trade and other payables	–	28,146	–	–	28,146	28,146
Amounts due to a related party	–	328	–	–	328	328
		28,474	–	–	28,474	28,474
<i>Interest bearing</i>						
Lease liabilities	4.65	2,296	–	–	2,296	2,281
		30,770	–	–	30,770	30,755

	Interest rates	On demand or within 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2025						
<i>Non-interest bearing</i>						
Trade and other payables	–	54,182	–	–	54,182	54,182
<i>Interest bearing</i>						
Bank borrowings	2.50	10,157	–	–	10,157	10,008
Lease liabilities	4.45	2,294	260	112	2,666	2,638
		12,451	260	112	12,823	12,646
		66,633	260	112	67,005	66,828

Fair value measurements of financial instruments

The management of the Group have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their respective fair values at the end of each reporting period.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial assets

The Group and the Company

	Fair value at December 31,		Fair value hierarchy	Valuation techniques and key inputs
	2024	2025		
	RMB'000	RMB'000		
Financial assets at FVTPL	329,071	372,172	Level 2	Redemption value quoted by banks

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details 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 statements of cash flows from financing activities:

	Lease liabilities (Note 24)	Financial instruments with preferred rights (Note 27)	Bank borrowings (Note 25)	Accrued share issue costs (Note 23)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024.	2,942	972,595	—	—	975,537
Financing cash flows	(713)	—	—	—	(713)
Interest expenses (Note 9).	52	—	—	—	52
Change in fair value (Note 8).	—	124,725	—	—	124,725
Termination of financial instruments with preferred rights	—	(1,097,320)	—	—	(1,097,320)
At December 31, 2024.	2,281	—	—	—	2,281
Financing cash flows	(412)	—	9,905	(2,082)	7,411
Interest expenses (Note 9).	26	—	103	—	129
Deferred issue cost recognized (Note 20).	—	—	—	4,949	4,949
New leases entered.	743	—	—	—	743
At December 31, 2025.	2,638	—	10,008	2,867	15,513

34. CAPITAL COMMITMENTS

The Group had no capital commitments under non-cancellable contracts as at December 31, 2024 and 2025.

35. RETIREMENT BENEFIT PLANS

The Group participates in defined contribution retirement schemes organized by the relevant local government authorities in the PRC. All employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities.

The total expense recognized in profit or loss amounted to approximately RMB899,000 and RMB1,770,000 for the year ended December 31, 2024 and 2025, respectively, representing contributions paid or payable to these plans by the Group at rates specified in the rules of the plans.

36. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Amounts due to a related party

The Group and the Company

	December 31,	
	2024	2025
	RMB'000	RMB'000
Trade in nature		
Dr. Ji Jianxin (Note)	328	—

Note: The amount is unsecured, non-interest bearing and repayable on demand and has been settled in August 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

The following is an aged analysis of amounts due to a related party which is trade in nature presented based on the date of delivery of goods at the end of each reporting period.

	December 31,	
	2024	2025
	RMB'000	RMB'000
Over 3 years	328	—

(b) **Amounts due from a subsidiary**

The Company

	December 31,	
	2024	2025
	RMB'000	RMB'000
Trade in nature		
Huajin (Chongqing) Pharmaceutical Co., Ltd.* (華津(重慶)藥業有限公司)		
(“Huajin Pharmaceutical”)	893	—

The amount is unsecured, interest-free and repayable on demand.

The following is an aged analysis of amounts due from a subsidiary which is trade in nature presented based on the date of rendering of services at the end of each reporting period.

	December 31,	
	2024	2025
	RMB'000	RMB'000
Within 1 year	893	—

(c) **Remuneration of key management personnel of the Group**

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Salaries and other benefits	9,571	8,935
Retirement benefit scheme contribution	70	175
Equity-settled share-based payment	—	22,324
	9,641	31,434

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Company

	Year ended December 31,	
	2024	2025
	RMB'000	RMB'000
Unlisted investments, at cost		
– Huajin Pharmaceutical	—	1,000
– Hefei Hualu Zhiye Technology Co., Ltd.	—	1,000
	—	2,000

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the subsidiaries directly held by the Company are set out below:

Name of subsidiaries	Place/date of establishment	Issued and fully paid capital/ registered capital	Proportion of ownership interest held by the Company as at			Principal activities
			December 31,		As at the date of this report	
			2024	2025		
			%	%	%	
Chengdu Yuanyuan Biotechnology Co., Ltd.* (成都淵源生物科技有限公司)	the PRC October 30, 2012	As at December 31, 2024: RMB1,000,000/RMB5,000,000 As at December 31, 2025: RMB1,000,000/RMB1,000,000	100	100	100	Research and development and promotion
Shanghai Zheyue Biotechnology Co., Ltd.* (上海喆鄒生物科技有限公司)	the PRC December 21, 2016	Nil/ RMB1,000,000	100	100	100	Research and development and clinical trial
Huajin Pharmaceutical	the PRC December 12, 2023	As at December 31, 2024: Nil/RMB1,000,000 As at December 31, 2025: RMB1,000,000/RMB1,000,000	100	100	100	Research and development and production
Hefei Hualu Zhiye Technology Co., Ltd.* (合肥華廬智業科技有限公司) (Note (iii))	the PRC March 14, 2025	As at December 31, 2025: RMB1,000,000/RMB1,000,000	N/A	100	100	Research and development

Notes:

- (i) All subsidiaries of the Company are limited liability companies. None of the subsidiaries had issued any debt securities at the end of each reporting period.
- (ii) No audited financial statements have been prepared for the subsidiaries in the PRC during the Track Record Period since there are no statutory audit requirements in the PRC.
- (iii) Hefei Hualu Zhiye Technology Co., Ltd.* (合肥華廬智業科技有限公司) was newly established on March 14, 2025.

38. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Company or by the Group after December 31, 2025 and up to the date of this report.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2025.

* English name is for identification purpose only

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the accountants’ report on the historical financial information of the Group for the each of the two years ended December 31, 2025 (the “Accountants’ Report”) prepared by [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set forth in Appendix I to this document, and is included herein for information only.

The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in the document and the Accountants’ Report set forth in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out in this appendix to illustrate the effect of the proposed [REDACTED] (as defined in this document) on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025, as if the [REDACTED] had taken place on such date.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 or as at any subsequent dates following the [REDACTED].

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 as derived from the Accountants’ Report set out in Appendix I to this document, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 per Share	
	RMB'000 Note 1	RMB'000 Note 2	RMB'000	RMB Note 3	HK\$ Note 4
Based on [REDACTED] of HK\$[REDACTED] per Share	336,200	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on [REDACTED] of HK\$[REDACTED] per Share	336,200	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

Notes:

- (1) The amount is based on the audited consolidated net assets of the Group attributable to owners of the Company as at December 31, 2025 of RMB336,200,000, extracted from the Accountants’ Report of the Group set out in Appendix I to this Document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] at the low end price and high end price of the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED] and HK\$[REDACTED] per [REDACTED], respectively, after deduction of [REDACTED] fees and commissions and other [REDACTED] related expenses paid or payable by the Company, other than those expenses which had been recognized in profit or loss on or prior to December 31, 2025. The calculation of such estimated net [REDACTED] does not take into account any Shares (i) which may be allotted and issued upon the exercise of the [REDACTED] or (ii) which may be issued or repurchased pursuant to our Company’s general mandate.

For the purpose of the estimated net [REDACTED] from the [REDACTED], the amount denominated in HK\$ has been converted into RMB at the rate of HK\$1 to RMB[0.87580], which was the exchange rate prevailing on [May 1, 2026] with reference to the rate published by the People’s Bank of China. No representation is made that the HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.
- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 per Share is arrived at on the basis that of a total of [REDACTED] Shares, comprising [REDACTED] Shares in issue as at December 31, 2025 and [REDACTED] to be issued, assuming the [REDACTED] had been completed on December 31, 2025 and without taking into account any Share (i) which may be allotted and issued upon the exercise of the [REDACTED] or (ii) which may be issued or repurchased pursuant to our Company’s general mandate.
- (4) For the purpose of the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 per Share, the amount denominated in RMB has been converted into HK\$ at the rate of RMB1 to HK\$[1.14181], which was the exchange rate prevailing on [May 1, 2026] with reference to the rate published by the People’s Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK\$, or vice versa, at that rate or any other rates or at all.
- (5) No adjustment has been made to unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The Articles of Association, which is adopted by the shareholders in the general meeting held on July [●], 2025, will become effective on the date that the H shares of the Company are [REDACTED] on the Stock Exchange. The primary purpose of this appendix is to provide [REDACTED] with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by [REDACTED].

1. DIRECTORS AND BOARD OF DIRECTORS

(1) Power to allocate and issue shares

The Articles of Association provide that the shareholders may authorize the board of directors through a general mandate at a general meeting to allocate or issue shares of no more than 20% of all outstanding H shares. The board of directors shall prepare suggestions for share allotment or issue, which are subject to approval by the shareholders at the general meeting in the form of a special resolution.

Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

(2) Power to dispose assets of the Company or any subsidiary

The sale of substantial assets that exceeds 30% of total assets of the latest audited financial statement are subject to approval by the shareholders at the general meeting in the form of a special resolution. The boards of directors may decide on the disposal of assets of the Company as authorized by the shareholders in a general meeting.

(3) Emoluments or compensation for directors’ loss of office

There is no provision in the Articles of Association regarding the provision of emoluments or compensation to the directors for their loss of office.

(4) Loans to directors

There is no provision in the Articles of Association regarding the provision of loans to the directors.

(5) Provide financial assistance for acquiring the shares of the Company

The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance in the form of gifts, advances, or loans for the acquisition of the Company’s or its parent company’s shares by third parties, except for employee shareholding schemes.

The Company may provide financial assistance for the acquisition of the Company’s or its parent company’s shares by third parties provided that such financial assistance is for the benefit of the Company and has been duly approved either by a resolution of shareholders in general meeting or by a resolution of the board of directors acting pursuant to authority granted under the Articles of Association or by shareholders. The aggregate amount of any such financial assistance shall in no event exceed 10% of the Company’s total issued share capital. Any resolution of the board of directors approving such financial assistance must be passed by a super majority of not less than two-thirds of all directors then in office.

(6) Disclosure of interests in contracts with the Company and/or its affiliates

No director shall, without prior disclosure to and approval by either the board of directors or the general meeting in accordance with the Articles of Association, directly or indirectly enter into any contract or transaction with the Company.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

(7) Remuneration

The remuneration of directors shall be approved by the shareholders at the general meeting in the form of an ordinary resolution.

(8) Appointment, Resignation and Dismissal

The board of directors consists of twelve directors, including four executive directors, four non-executive directors, four independent non-executive directors.

Directors are elected or replaced by the general meeting. The general meeting may remove any director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract, provided that such removal is in compliance with relevant laws and regulations.

The board of directors has one chairman. The chairman of the board shall be elected and dismissed by a vote of more than one half of the directors.

The term of office of a director shall be calculated from the date of assumption of office until the expiration of the current term of office of the board of directors, which is a three-year term. Upon expiration of the term, the director may be re-elected in accordance with the relevant regulatory rules where the Company's shares are [REDACTED].

In the event a director is not re-elected in time for the expiration of his/her term of office, or if a director resigns during his/her term of office, resulting in the number of the board of directors being less than the minimum number required by law, before the re-elected director assumes his/her office, the original director shall still perform the duties of a director in accordance with the provisions stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

In the event a director resigns, the director shall notify the Company in writing, and the resignation shall take effect on the date the Company receives the notification; however, if the circumstances set forth in the preceding paragraph exist, the director shall continue to perform the duties.

None of the following persons shall serve as our director:

- i. A person who has no civil capacity or has limited civil capacity;
- ii. A person who has been imposed penalty for the offense of corruption, bribery, embezzlement, larceny, disrupting the socialist economic order or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence; in the case of a probation, less than two years have elapsed since the date of expiration of the probationary period;
- iii. A person who is a former director, factory manager or general manager of a company or enterprise that is bankrupt and liquidated because of poor operation, was personally liable for the bankruptcy of such company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of such company or enterprise;
- iv. A person who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- v. a person listed by the people's court as dishonest judgment debtors, who has a relatively large sum of debt, which was not paid at maturity;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- vi. a person who is prohibited by relevant securities regulator from entering into the securities market and is still in such prohibition period; or
- vii. a person who has been publicly determined by the stock exchange to be not suitable to serve as a director or senior management of a listed company, and the period has not elapsed; or
- viii. Any other person who is otherwise not eligible under laws, administrative regulations, regulations of the authorities, regulatory documents and other conditions set out by the Listing Rules.

The election, appointment or engagement of a director shall be invalid if such election, appointment or engagement violates the above-mentioned provisions. If a director falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by the Company.

(9) Borrowing powers

The Articles of Association do not contain any specific provisions regarding directors’ power of borrowing money.

The board of directors shall be entitled to develop proposals for the Company to issue bonds and to [REDACTED] its Shares, and that such bond issues must be approved by the shareholders by a special resolution at the general meeting.

2. MODIFICATION OF THE ARTICLE OF ASSOCIATION

The Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

In the event that the amendments to the Articles of Association passed by a general meeting need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3. MODIFICATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

There are no provisions for modification of rights in respect of existing shares or classes of shares in the Articles of Association.

4. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE

The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

5. VOTING RIGHTS

When shareholders (including proxies) vote at the general meeting, they exercise their voting rights based on the number of voting shares they represent, and each share has one voting right.

The shares held by the Company itself shall have no voting right and shall not be counted in the total number of voting shares at the general meeting.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Any shareholder who is required by the Listing Rules to abstain from voting on a matter or is limited to an affirmative or negative vote shall abstain from voting or be required to so vote; any vote cast by or on behalf of relevant shareholder which is cast in violation of such requirement or restriction shall not be counted in the voting result.

6. RULES ON ANNUAL GENERAL MEETINGS

The general meetings are divided into an annual general meeting and an extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

7. ACCOUNTS AND AUDITS

(1) Financial and accounting policies

The Company shall develop its financial accounting policies pursuant to laws, administrative regulations and rules developed by the competent department.

The Company shall publish the financial reports twice in each accounting year. Interim financial reports shall be published within 2 months of the end of the first six months of a fiscal year, while the annual financial report shall be published within 4 months of the end of each accounting year.

(2) Appointment and Dismissal of Accountants

The Company shall engage a reputable accounting firm that meets appropriate requirements of the relevant laws, regulations and regulatory requirements to be responsible for auditing its annual financial report, conduct accounting statement audit, net asset verification and other related consulting services, and the term of service shall be one year, which is renewable upon expiry of the term.

The appointment and removal of an accounting firm providing regular audit services to the Company shall be determined by ordinary resolution of the shareholders in general meeting.

Prior to the removal or the non-reappointment of an accounting firm, notice of such removal or non-reappointment shall be given to the firm concerned 30 days in advance and such firm shall be entitled to make representation at the general meeting when voting on the dismissal of such firm at the general meeting.

In the event the accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

If the position of an appointed accounting firm is vacant, the board of directors may appoint an accounting firm before the start of general meeting. However, if during the vacant period, the Company has other incumbent accounting firm, such accounting firm may take the vacant.

8. NOTICE AND AGENDA OF GENERAL MEETINGS

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months:

- i. The number of directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- ii. The uncovered losses of the Company reach one-third of its total paid-in registered capital;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- iii. The shareholders with 10% or more shares of the Company (including preference shares with restored voting rights) separately or jointly request to convene an extraordinary general meeting in writing;
- iv. The board of directors considers it necessary;
- v. The audit committee makes such proposal;
- vi. Any other circumstances stipulated in laws, regulations, the Listing Rules, the Articles of Association.

In the event that the general meeting is convened, the board of directors, the audit committee and shareholders who separately or jointly hold more than 1% of the shares of the Company (including preference shares with restored voting rights) may submit a proposal.

When convening an annual general meeting, the Company shall notify shareholders by announcement 21 days before it is convened. When convening an extraordinary general meeting, the Company shall send a written notice 15 days before it is convened.

The notice of the general meeting shall be made in writing, including the following contents:

- i. The place, the date and the time of the meeting;
- ii. The matters and proposals to be discussed at the meeting;
- iii. Conspicuous statement that all shareholders are entitled to attend the meeting and appoint proxy to attend and vote and that proxy need not be a shareholder;
- iv. The date of shareholding registration for the shareholders who are entitled to attend the meeting;
- v. The name and telephone number of the contact person for the meeting;
- vi. the voting time and voting procedure for internet or other alternative voting methods;
- vii. other requirements stipulated by laws, administrative regulations, department rules, Listing Rules or these Articles of Association.

The notice of general meeting and any supplementary notice shall contain full and complete disclosure of all substantive details of every proposed resolution.

The resolution of the general meeting includes ordinary resolution and special resolution. The following matters shall be approved by the general meeting through ordinary resolutions:

- i. Work report of the board of directors;
- ii. Plans of earnings distribution and loss make-up schemes drafted by the board of directors;
- iii. Appointment or dismissal of the members of the board of directors and their enumeration and payment methods;
- iv. Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, Listing Rules or the Articles of Association.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The following matters shall be approved by special resolution at the general meeting:

- i. The increase or decrease of the registered capital;
- ii. Division, split, merger, dissolution and liquidation of the Company;
- iii. Amendment of the Articles of Association;
- iv. The purchase or sale of material assets of the Company or provision of guarantees to others by the Company within one year exceeding 30% of the latest audited total assets of the Company;
- v. Share incentive scheme;
- vi. Other matters recognized by ordinary resolution of the general meeting that could materially affect the Company and need to be approved by special resolution or as required by the laws, administrative regulations, Listing Rules or the Articles of Association.

In the event that any resolution of the general meeting or resolution of the board of directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting formula of the general meeting or meeting of the board of directors violates any of laws, administrative regulations or the Articles of Association, or the content of resolution violates the Articles of Association, any shareholder is entitled to request the court to revoke the relevant resolution within 60 days after the resolution was adopted, unless there is only a minor defect in the procedures for convening a general meeting or a meeting of the board of directors or in the manner of voting, which does not materially affect the resolution.

9. SHARES TRANSFERS

The shares issued before the public issuance of shares by the Company shall not be transferred within one year of the date on which the stocks of the Company are listed and traded on a stock exchange.

The directors and senior managements of the Company shall declare, to the Company, information on their holdings of the shares of the Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25% of the total shares of the Company held by them. The shares of the Company held by them shall not be transferred within one year of the date on which the stocks of the Company are listed and traded on a stock exchange. The aforesaid persons shall not transfer their shares of the Company within six months from the date of their resignation.

In the event the securities regulatory authorities in the place where the Company's shares are listed and CSRC (if applicable) have any other provisions on the transfer restrictions of H shares, such provisions shall prevail.

10. POWERS OF OUR COMPANY TO REPURCHASE ITS SHARES

The Company shall not repurchase its shares except under any of the following circumstances provided that such repurchase does not violate laws, regulations, the Listing Rules, and the Articles of Association:

- i. Reduce the Company's registered capital;
- ii. Merger with other companies which hold our shares;
- iii. Granting shares to the staff of the Company as incentives;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- iv. Requesting the Company to buy back its shares from shareholders who vote against any resolution adopted at the general meeting concerning the merger and division of the Company;
- v. To convert shares into bond issued by the Company which is convertible to stock of the Company;
- vi. Necessary for the Company to maintain the Company's value and shareholders' interests.

11. POWER FOR ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT COMPANY

There are no provisions in the Articles of Association relating to ownership by subsidiary of the Company of shares in its parent.

12. DIVIDEND AND OTHER DISTRIBUTION METHODS

The Company may distribute dividends in the manner of cash or stock.

The board of directors of the Company shall complete the distribution of dividends (or shares) within two months after the general meeting has passed a resolution on the profit distribution plan, or upon the formulation of a specific plan by the board of directors in accordance with the conditions and ceiling for interim dividends in the following year approved at the annual general meeting.

13. SHAREHOLDER PROXIES

Shareholders may attend the general meeting in person or authorize a representative, who is not a shareholder, to attend and vote on their behalf.

Any proxy statement issued by a Shareholder who authorizes a proxy to attend the general meeting on his/her behalf shall include the following details:

- i. the name or title of the appointer, class and number of the company shares held;
- ii. the name or title of the proxy;
- iii. the shareholder's specific instructions, including respective instructions on for, against or abstention voting on each item for deliberation listed in the general meeting agenda;
- iv. the issuance date and valid period of the proxy statement;
- v. the signature (or seal) of the appointer. Where the appointer is a corporate shareholder, the corporate seal of the legal entity shall be affixed.

14. CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association regarding the calls on shares and forfeiture of shares.

15. INSPECTION OF THE REGISTER OF SHAREHOLDERS

The Company establishes the register of Shareholders according to the certificate provided by the securities registration authority. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's shares. Shareholders enjoy rights and assume obligations according to the type and number of shares they hold.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Shareholders holding the same type of Shares shall enjoy the same rights and undertake the same obligations.

The original register of the shareholders of the H Shares listed in Hong Kong shall be kept in Hong Kong.

When the Company convenes the general meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of identities, the board of directors shall fix a date as the equity registration date, upon expiration of which the shareholders whose names registered on the register of shareholders shall be the shareholders entitled to relevant equity.

16. QUORUM FOR GENERAL MEETINGS

There are no provisions in the Articles of Association regarding the quorum for general meetings.

17. RIGHTS OF MINORITIES IN RELATION TO FRAUD OR OPPRESSION

If any director or senior management (other than a member of the Audit Committee) violates laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 consecutive days shall have the right to request the Audit Committee in writing to institute legal proceedings at the People’s Court; if the member of the Audit Committee violates laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the aforementioned Shareholders shall have the right to request the board of directors in writing to institute legal proceedings at the People’s Court.

If the Audit Committee or the board of directors refuses to institute legal proceedings after receipt of the aforesaid written request or fails to institute legal proceedings within 30 days after receipt of the aforesaid written request, or if under urgent circumstances that any delay of legal proceedings may cause irrecoverable damages to the interests of the Company, the Shareholders specified above shall have the right to directly institute legal proceedings at the People’s Court in their own names for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the Shareholders specified in paragraph 1 may institute legal proceedings at the People’s Court pursuant to the preceding provisions.

Where a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates laws and administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, or where a third party infringes upon the lawful rights and interests of such wholly-owned subsidiary thereby causing losses, any shareholders who individually or jointly holding no less than 1% of the Company’s shares for no less than 180 consecutive days shall have the right to submit a written request to the board of Supervisors or the board of directors of the wholly-owned subsidiary to initiate legal proceedings with the People’s Court in accordance with the relevant provisions of the Corporate Law or directly initiate legal proceedings with the People’s Court in their own name.

If a wholly-owned subsidiary of the Company does not set up a board of supervisors or does not have a supervisor, and sets up an Audit Committee instead, the relevant procedure specified in paragraph 1 and 2 above shall be followed.

If any director or senior management violates the laws, administrative regulations or the Articles of Association, thereby causing any loss to the Shareholders’ interests, the Shareholders may institute legal proceedings at the People’s Court.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

18. LIQUIDATION PROCEDURES

The Company shall be dissolved under any of the following circumstances:

- (i) the expiration of the business period as stipulated in the Articles of Association or the occurrence of other grounds for dissolution as stipulated in the Articles of Association;
- (ii) the general meeting resolves to dissolve the Company;
- (iii) dissolution is necessary as a result of the merger or division of the Company;
- (iv) the business license of the Company is revoked, or the Company is ordered to be closed down, or it is deregistered according to law; and
- (v) the Company is confronted with serious difficulties in operation and management, and its continued existence may cause material loss to the interests of its shareholders, and the difficulties cannot be resolved through other means, in which case the Shareholders holding 10% or more of the voting rights held by all the Shareholders of the Company may request a People's Court to dissolve the Company.

Where any ground for dissolution as specified in the preceding paragraph arises in respect of the Company, the Company shall within 10 days publish such ground for dissolution via the National Enterprise Credit Information Publicity System.

Where the Company is to be dissolved pursuant to items (1), (2), (4) or (5) above, it shall undergo liquidation. Directors shall act as the liquidation obligor and establish a liquidation committee within 15 days from the date when the event of dissolution occurs. The members of the liquidation committee shall be composed of the directors or the personnel appointed by the general meeting.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days from the publication if any such creditor has not received the notice.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

Upon completion of the company's liquidation, the liquidation committee shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and file it with the company registry to apply for deregistration of the company.

19. OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR SHAREHOLDERS

(1) General Provisions

The Company is a permanently existing joint stock limited company.

According to the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a director, or the senior management, any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, director or the senior management.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

(2) Capital increase and capital reduction

The Company may increase stock capital by the following means in accordance with laws and regulations, subject to the approval by the general meeting, for management and operation needs:

- i. Issuing shares in a public offering;
- ii. Issuing shares via a private placement;
- iii. Giving bonus shares to existing shareholders;
- iv. Converting reserve funds into shares; and
- v. Other means approved by the laws, administrative regulations, departmental rules and relevant regulatory authorities where the Company’s shares are listed and the CSRC (if necessary).

The Company may decrease our registered capital and shall comply with the procedures stipulated in Company Law of the PRC, the Listing Rules, other relevant regulations and the Articles of Association.

(3) Shareholders

Shareholder is entitled to rights and assumes obligations pursuant to the classification of his or her shares. Shareholder holding the same classified share has the same rights and assumes the same obligations.

The rights of our ordinary shareholders are as follows:

- i. To receive distribution of dividends and other forms of benefits according to the number of shares held;
- ii. To legally require, convene, preside over, participate in or authorize proxies of shareholders to participate in and exercise corresponding voting rights at the general meeting;
- iii. To supervise and manage business and operational activities of the Company, and to provide suggestions or submit queries;
- iv. To transfer, grant or pledge the Company’s shares he/she held according to the provisions of the laws, administrative regulations, regulatory rules where the Company’s shares are listed and the Articles of Association;
- v. To obtain relevant information according to the provisions of the Articles of Association, including reading and coping the Articles of Association, register of shareholders, minutes of general meetings, resolutions of meetings of the board of directors; eligible Shareholders may inspect the accounting books and accounting vouchers;
- vi. To participate in the distribution of residual properties of the company in proportion to the number of shares held in the event of the termination or liquidation of the Company;
- vii. To request the Company to buy back their shares as dissenting shareholders voting against any resolutions adopted at the general meeting concerning the merger and division the Company;
- viii. Other rights conferred by laws, administrative regulations, departmental rules, the Listing Rules, and the Articles of Association.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

(5) The board of directors

The board of directors is responsible to the general meeting.

The board of directors exercises the following powers:

- i. To convene the general meeting and report on its work to the general meeting;
- ii. Implement the resolutions of the general meeting;
- iii. Determine the business and investment plans of the Company;
- iv. Formulate the earnings distribution and loss offset plans of the Company;
- v. Formulate the proposals for increasing or decreasing the Company’s registered capital, issuance of corporate bonds or other securities and the listing plan of the Company;
- vi. Prepare plans for major acquisition, stocks buy-back, corporate merger, separation, dissolution and change corporate form of the Company;
- vii. Determine, in accordance with the Articles of Association or within the scope authorized by the general meeting, such matters as the Company’s external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted management of finance, related-party transactions and external donations;
- viii. Decide on the setup of the Company’s internal management organization;
- ix. Appoint or dismiss the general manager, secretary of the board, and other senior managers of the Company; based on the nomination of the general manager, appoint or dismiss senior managements of the Company such as deputy general manager, Chief financial officer (CFO) and other senior managers and determine their remuneration, reward and disciplinary matters;
- x. Formulate the basic internal management systems of the Company;
- xi. Formulate the modification plan to the Articles of Association;
- xii. Managing the information disclosure of the Company;
- xiii. Make proposals to the general meeting on the appointment or replacement of the accounting firm that provides audit services to the Company;
- xiv. Listen to work report of general manager and inspect the general manager’s work;
- xv. Formulate and implement share incentive plan of the Company; and
- xvi. Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, the Listing Rules and the Articles of Association.

Board meeting shall be held only if more than one half of the directors are present. Unless otherwise provided in the Articles of Association, resolutions of the board of directors shall be passed by a simple majority of all directors.

The board of directors of the Company shall give an explanation to the general meeting on the non-standard audit report issued by the certified public accountants on the financial reports of the Company.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

(6) Independent Non-executive director

The board of directors of the Company has four independent non-executive directors. At least one independent non-executive director shall have applicable professional qualification or are equipped with applicable accounting or relevant financial management expertise.

(7) Secretary of the board of directors

The Secretary of the board of directors, as a senior management officer of the Company, shall be responsible for organizing the shareholders’ general meetings and board meetings, maintaining corporate records, managing shareholder information, and handling disclosure matters, while complying with all applicable laws, administrative regulations, departmental rules, and the provisions of these Articles of Association. The Company has one secretary of the board of directors.

(8) Audit committee

The Company shall set up an audit committee.

The audit committee consists of three directors.

The audit committee shall consist of directors who are not senior managements of the company, among them there are two independent directors, and an accounting professional among these two independent directors shall act as the convener.

The audit committee shall be responsible for review of the company’s financial information and disclosure thereof, supervision and evaluation of internal and external audit work and internal control. The following matters shall, upon consent by more than half of all the members of the audit committee, be present to board meeting for deliberation:

- i. Disclosure of financial information in financial accounting reports and periodic reports, internal control evaluation report;
- ii. Engagement or dismissal of accounting firm which undertakes audit business of a listed company;
- iii. Engagement or dismissal of the financial controller of a listed company;
- iv. Change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards; and
- v. Any other matters stipulated by laws, administrative regulations, the CSRC and the articles of association.

(9) General manager

The Company has one general manager, appointed or dismissed by the board of directors. The general manager of the Company is responsible to the board of directors and exercises the following powers:

- i. Be in charge of the producing and operational management of the Company, organize the implement of resolutions of the board of directors and report to the board of directors on his/her work;
- ii. Organize the implementation of the Company’s annual operation plans and investment schemes;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- iii. Formulate the plans for establishment of the Company’s internal management organization;
- iv. Formulate the fundamental management policies of the Company;
- v. Formulate the specific management regulations and rules of the Company;
- vi. Propose the board of directors of engagement or dismissal of the Company’s deputy general manager, Chief financial officer and other senior managements;
- vii. Decide to engage or dismiss other managements except those who shall be appointed or dismissed by the board of directors;
- viii. Other responsibilities authorized by the Articles of Association and the board of directors.

(10) Reserve fund

When the annual after-tax profits of the Company are distributed, the Company shall allocate 10% of the profits to the statutory reserve fund of the Company. Allocations to the Company’s statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company’s registered capital.

If the Company’s statutory reserve fund is insufficient to offset our losses during the previous year, the profits generated during the current year shall be used to cover such losses before allocating the statutory reserve in accordance with the requirements set forth above.

After allocation to the statutory reserve fund from the after-tax profits of the Company, we may also allocate to the discretionary reserves fund will from after-tax profits in line with the resolution(s) adopted at the general meeting.

After the Company has covered for its losses and made allocations to its statutory reserve fund, the remaining profits are distributed in proportion to the number of shares held by the shareholders, unless otherwise specified by the Articles of Association.

If the general meeting violates the above provisions and profits are distributed to the shareholders, the profits distributed in violation of the provisions shall be returned by such shareholders to the Company. If the Company suffers losses, the shareholders and responsible directors, senior managements shall be liable for compensation.

The shares held by the Company itself shall not be subject to profit distribution.

The Company’s reserve fund shall be used to offset losses of the Company, expanding the scale of business and operations or for conversion into and increase our capital.

Where reserve fund is used to offset loss of the Company, the discretionary reserve fund and statutory reserve fund shall be firstly used; in the event they are insufficient for offsetting loss, the capital reserve fund may be applied to cover the company’s losses.

Where the statutory reserve fund converses into the registered capital, the remaining statutory reserve shall not be less than 25% of the registered capital of the Company before such conversion.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

Our Company was established in the PRC as a limited liability company on February 20, 2017 and pursuant to the shareholders’ resolutions on March 18, 2025, all promoters (being all the then Shareholders) agreed to convert our Company into a joint stock limited company. Our Company has established a principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong and has registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 12, 2025. Ms. Ma Wing Yee one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Appendix III—Summary of Articles of Association” to this document.

2. Changes in the share capital of our Company

Save as disclosed in “History, Development and Corporate Structure,” there has been no alteration in the share capital of our Company and our subsidiaries within two years immediately preceding the date of this document.

3. Resolutions of our Shareholders passed on July 11, 2025

At the extraordinary general meeting of our Company held on July 11, 2025, among other things, the following resolutions were passed by our Shareholders:

- (a) the issue of H Shares with a nominal value of RMB1.00 each, the number of which shall be no more than 25% of the total issued share capital of our Company upon completion of the [REDACTED], and the [REDACTED] of the H Shares on the Stock Exchange;
- (b) the grant of the [REDACTED] of not more than 15% of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to the completion of the filing procedure with the CSRC, upon completion of the [REDACTED], the conversion of [REDACTED] Unlisted Shares in aggregate into H Shares on a one-for-one basis;
- (d) subject to the completion of the [REDACTED], the Articles of Association were approved and adopted, which shall become effective on the [REDACTED], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (e) our Board and/or its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the [REDACTED], the conversion of Unlisted Shares into H Shares, and the issue of H Shares and the [REDACTED].

4. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in note 37 of the Accountants’ Report set out in Appendix I to this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

5. Change in the registered capital of subsidiaries

On September 15, 2025, the registered capital of Chengdu Yuanyuan was decreased from RMB5 million to RMB1 million.

Save as aforesaid, as of the Latest Practicable Date, there had been no alterations in the registered capital of any of our subsidiaries within the two years immediately preceding the date of this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) the [REDACTED].

2. Our Intellectual Property Rights

(a) Patents

For a discussion of the details of the material patents and material patent applications by the Company in connection with our Core Product, see “Business— Intellectual Property”.

(b) Domain Name

As of the Latest Practicable Date, we owned the following domain name which, in the opinion of our Directors, is material to our business:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1	hj3h.com	Our Company	April 30, 2018	April 29, 2029

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests and short positions of the Directors, Supervisors and chief executive of our Company in the share capital of our Company and its associated corporations*

Immediately following the completion of the [REDACTED] and conversion of Unlisted Shares into H Share (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]), the interests or short positions of Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to our Company and the Stock Exchange once the H Shares are [REDACTED] will be as follows:

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Interest in Shares of our Company

Name	Nature of interest	Type of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage of shareholding in the total issued share capital ⁽²⁾
Dr. Ji ⁽³⁾ . . .	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Mr. Yang Xiangyu ⁽⁴⁾ .	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Mr. Wu Zhen ⁽⁴⁾ . . .	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Ms. Zhang Yao ⁽⁴⁾ . . .	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Mr. Tang Gaojia ⁽⁴⁾ . .	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Ms. Wang Liquan ⁽⁴⁾ . .	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).
- (3) For details of interests of Dr. Ji, see “Substantial Shareholders”.
- (4) Representing the underlying Shares granted to him/her under the Pre-[REDACTED] Share Incentive Scheme.

(b) Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, our Directors are not aware of any persons (other than our Directors, Supervisors and chief executive of our Company) who will, immediately following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]), will have or be deemed or taken to have interests and/or short position in our Shares or underlying Shares which would be required 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 types of the issued voting shares of any member of our Group.

2. Particulars of Directors’ and Supervisors’ service contracts

Each of our Directors and Supervisors [has] entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

3. Directors’ and Supervisors’ remuneration

For the two years ended December 31, 2025, the aggregate remuneration (including salaries, retirement benefit scheme contribution and share-based payment) paid or payable to our Directors and Supervisors were approximately RMB4.89 million and RMB20.67 million respectively.

The aggregate amount of salaries, retirement benefit scheme contribution and share-based payment paid or payable to our five highest paid individuals in respect of the two years ended December 31, 2025 was RMB9.11 million and RMB30.20 million respectively.

Under the arrangement currently in force, the aggregate remuneration (including salaries, retirement benefit scheme contribution and share-based payment) of our Directors and Supervisors for the year ending December 31, 2026 is estimated to be no more than approximately RMB31.34 million.

4. Agency fees or commissions received

Save as disclosed in “[REDACTED]” to this document, no commissions, discounts, agency fee, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

- (a) Within the two years immediately preceding the date of this document, none of our Directors nor any of the experts referred to under “—E. Other Information—5. Qualifications and Consents of Experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (b) Save in connection with the [REDACTED], none of our Directors or Supervisors nor any of the experts referred to under “—E. Other Information—5. Qualifications and Consents of Experts” in this Appendix, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole.
- (c) Save as disclosed in this section, none of our Directors or Supervisors have any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

D. PRE-[REDACTED] SHARE INCENTIVE SCHEME

The following is a summary of the principal terms of the Pre-[REDACTED] Share Incentive Scheme approved and adopted by the resolutions of our Shareholders at the extraordinary general meeting of our Company held on July 11, 2025 (the “Scheme”). The source of awards granted to eligible participants pursuant to the Pre-[REDACTED] Share Incentive Scheme is the Shares held by Suzhou Jishitang, which is one of our employee incentive platforms. Under the Scheme, the participants may indirectly acquire our Company’s interest by holding partnership interest in our employee incentive platforms. For details, please see “History, Development and Corporate Structure—Employee Incentive Platforms”. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Scheme does not involve the grant of share awards by our Company after the [REDACTED].

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(a) Purpose

The purpose of the Scheme is to further improve the Company’s governance structure, establish a benefit-sharing mechanism between the Company and its core employees, attract and retain outstanding talents and excellent staff, and fully stimulate employees’ enthusiasm of our employees.

(b) Maximum number of the Restricted Shares

The maximum number of incentive Shares under the Scheme, which are restricted Shares (“**Restricted Shares**”), is 2,093,400 Shares, representing approximately 3.49% of the total issued share capital of our Company as of the Latest Practicable Date, which shall be held by Suzhou Jishitang.

(c) Participants

Eligible participants of the Scheme are determined by the Scheme administrator after taking into account certain key factors, such as position, years of service, individual performance and contributions to our Company as approved by the Scheme administrator. The eligible participants under the Scheme include: (i) Directors, Supervisors and senior management of our Company; (ii) mid-level management members and core employees of our Group; and (iii) external consultants.

(d) Administration

The Shareholders’ meeting of our Company is responsible for considering and approving the Scheme, and has authorized the Board to formulate and revise the Scheme.

Dr. Ji, our executive Director, chairman of our Board, chief executive officer and general manager of Company and the general partner of Suzhou Jishitang, has been authorized by the resolutions of our Shareholders to act as the administrator (“**Administrator**”) of the Scheme, and has the authority to, among others, determine the eligible participants under the Scheme and their respective number of Restricted Shares to be granted, the circumstances where the participants may exit the Scheme, and to approve the grant, transfer and repurchase of the underlying Restricted Shares to or from the participants.

(e) Subscription price and adjustments

The subscription price of the Restricted Shares will be stipulated in the grant letter agreed between a participant and our Company. In the event of any capital reserve conversion into shares, distribution of dividends, share splits, share allotments or reduction of shares of the Company, the subscription price of the Restricted Shares will be adjusted accordingly.

(f) Grant of Restricted Shares

The participants shall subscribe for the capital contribution of the limited partnership interest in the employee incentive platforms according to the underlying Restricted Shares granted to them and make the corresponding payment, thereby indirectly holding the Restricted Shares by virtue of their capacity as limited partners or general partners (as the case maybe) of the employee incentive platforms.

All participants do not have any direct voting right in our Company and will be entitled to receive the economic interest attached to the underlying Restricted Shares held by Suzhou Jishitang. All participants acknowledge and agree that Administrator, shall exercise the voting rights attached to the Restricted Shares pursuant to the rules of the Scheme and the grant agreements entered into by, among others, the participants and Suzhou Jishitang.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(g) Lock-up restrictions and repurchase of Restricted Shares

The Restricted Shares held by the participants by virtue of the partnership interests held by them in the employee incentive platforms are subject to performance targets and lock-up restrictions for a period commencing from the date of signing grant agreement to the date of completion of three years of service of the participants with our Group.

The Scheme provides for certain circumstances in which the unvested Restricted Shares granted to the participants may be (a) repurchased by the Administrator (including an entity controlled by the Administrator and serving as the executive partner of the employee incentive platform) or its designated persons (such designated persons shall be an employee of our Group) and/or (b) returned by reducing the total partnership interest in the employee incentive platforms. Such circumstances include, without limitation, (i) violation of relevant laws, regulations, rules or policies, causing economic losses to our Group; (ii) termination of employment relationship with the Group; and (iii) death of the grantee, disability rendering the grantee unable to undertake his/her work assigned by the Group.

Upon [REDACTED], in addition to the restrictions under the Scheme, the transfer or sale of Restricted Shares by the participants shall be subject to the lock-up requirements under the relevant laws and regulations and the Listing Rules, if applicable.

(h) Details of the Restricted Shares Granted

As of the Latest Practicable Date, all the Restricted Shares under the Scheme were granted to 34 Participants through the employee incentive platforms. Given the underlying Restricted Shares under the Scheme have already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Restricted Shares under the Scheme. The table below sets out the details of the Restricted Shares granted under the Scheme as of the Latest Practicable Date:

Name	Position(s) held within our Group	Number of underlying Shares	Approximate percentage of indirect shareholding in our Company immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Directors			
Dr. Ji	Executive Director, chairman of our Board, chief executive officer and general manager	1,042,200	[REDACTED]%
Mr. Yang Xiangyu	Executive Director and chief operating officer	200,000	[REDACTED]%
Mr. Wu Zhen	Executive Director and deputy chief operating officer	20,000	[REDACTED]%
Ms. Zhang Yao	Executive Director and deputy head of human resources	2,200	[REDACTED]%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Name	Position(s) held within our Group	Number of underlying Shares	Approximate percentage of indirect shareholding in our Company immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
<i>Supervisors</i>			
Mr. Tang Gaojia	President of the Supervisory Committee, Supervisor and head of the quality department	11,200	[REDACTED]%
Ms. Wang Liqun	Supervisor and head of administration	2,200	[REDACTED]%
<i>Senior management (excluding those who are also Directors)</i>			
Ms. Guo Na	Head of research and development	340,000	[REDACTED]%
Mr. Du Fengtian	Deputy head of research and development	200,000	[REDACTED]%
Ms. Zhang Jingjie	Chief financial officer Board secretary and joint company secretary	37,700	[REDACTED]%
Mr. Luo Shuai	Head of project department	22,200	[REDACTED]%
<i>Other participants</i>			
24 other employees	Employee	215,700	[REDACTED]%
Total		2,093,400	[REDACTED]%

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the PRC.

2. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of US\$500,000 for acting as the sponsor for the [REDACTED].

3. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

4. Promoters

The promoters of our Company comprised of all of the 19 then Shareholders of our Company as of March 18, 2025 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed “History, Development and Corporate Structure” in this document, 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 named above in connection with the [REDACTED] and the related transactions described in this document.

5. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualifications
CITIC Securities (Hong Kong) Limited . . .	Licensed corporation to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong)
	Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
JunHe LLP	Legal advisors to our Company as to PRC laws
China Insights Consultancy	Independent industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its name included herein in the form and context in which they respectively appear.

6. Interests of experts in our Company

Except as disclosed in this document and save for its obligations under the [REDACTED], none of the persons named in “—5. Qualifications and Consents of Experts” above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

7. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable 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.

8. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

9. Miscellaneous

- (a) Within the two years immediately preceding the date of this document:
 - (i) save as disclosed in “History, Development and Corporate Structure” in this document, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;
 - (ii) save as disclosed in “History, Development and Corporate Structure” in this document, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) save as disclosed in “[REDACTED]” in this document, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iv) save as disclosed in “[REDACTED]” in this document, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) Our Company has no outstanding convertible debt securities or debentures.
- (f) There is no arrangement under which future dividends are waived or agreed to be waived.
- (g) None of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

10. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English version shall prevail.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND DOCUMENTS ON DISPLAY

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were (a) the written consents referred to in “Appendix IV—Statutory and General Information—E. Other Information—5. Qualifications and Consents of Experts” to this document; and (b) a copy of each of the material contracts referred to in “Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” to this document.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.hj3h.com) up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountant’s Report from the Reporting Accountants, the text of which is set out in Appendix I to this document;
- (c) the report from the Reporting Accountants in respect of the unaudited [REDACTED] financial information, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the two years ended December 31, 2025;
- (e) the legal opinion issued by JunHe LLP, our PRC Legal Advisors, in respect of certain general corporate matters of our Group;
- (f) the written consents referred to in “Appendix IV—Statutory and General Information—E. Other Information—5. Qualifications and Consents of Experts” to this document;
- (g) the material contracts referred to in “Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” to this document;
- (h) the service contracts entered into between our Company and each of our Directors and Supervisors referred to in “Appendix IV—Statutory and General Information—C. Further Information about Our Directors, Supervisors and Substantial Shareholders—2. Particulars of Directors’ and Supervisors’ service contracts” to this document;
- (i) the industry report issued by China Insights Consultancy;
- (j) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translation; and
- (k) the rules of the Pre-[REDACTED] Share Incentive Scheme.