HXP 海西新药 HXPharma

Fujian Haixi Pharmaceuticals Co., Ltd.
福建海西新藥創制股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock code: 2637

GLOBAL OFFERING

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

华泰国际 HUATAI INTERNATIONAL

招銀国际 CMB INTERNATIONAL

IMPORTANT

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

Fujian Haixi Pharmaceuticals Co., Ltd.
福建海西新藥創制股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**11,500,000 H Shares**
Number of Hong Kong Offer Shares	**:**	**1,150,000 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**10,350,000 H Shares (subject to reallocation)**
Maximum Offer Price	**:**	**HK$86.40 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)**
Nominal value	**:**	**RMB1.0 per Share**
Stock code	**:**	**2637**

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

华泰国际 HUATAI INTERNATIONAL

招銀国际 CMB INTERNATIONAL

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

國證國際 SDICSI

Joint Bookrunners and Joint Lead Managers

國信證券(香港) GUOSEN SECURITIES (HK)

富途證券 FUTU Securities International

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

ZTSC 中泰國際

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

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

The Offer Price is expected to be fixed by agreement between the Overall Coordinators, for themselves and on behalf of the Underwriters, and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, October 15, 2025 and, in any event, not later than 12:00 noon on Wednesday, October 15, 2025. The Offer Price will be not more than HK$86.40 per H Share and is currently expected to be not less than HK$69.88 per H Share, unless otherwise announced.

Applicants for the Hong Kong Offer Shares may be required to pay, upon application (subject to application channels), the maximum Offer Price of HK$86.40 per H Share for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, a Hong Kong Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK$86.40 per H Share. If, for any reason, the Offer Price is not agreed between the Overall Coordinators, for themselves and on behalf of the Underwriters, and our Company on or before 12:00 noon on Wednesday, October 15, 2025, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Overall Coordinators, for themselves and on behalf of the Underwriters, may, where considered appropriate and with our consent, reduce the indicative Offer Price range below stated in this prospectus (which is HK$69.88 to HK$86.40 per H Share) and/or the number of Offer Shares being offered under the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement of the reduction of the indicative Offer Price range and/or the number of Offer Shares being offered under the Global Offering will be published on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company at **https://hxpharma.com** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscription for, the Hong Kong Offer Shares, are subject to termination by the Overall Coordinators, for themselves and on behalf of the Underwriters, if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

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

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering. This prospectus is available at the websites of the Stock Exchange at **www.hkexnews.hk** and our website at **https://hxpharma.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

October 9, 2025

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offer. We will not provide any printed copies of this prospectus for use by the public.

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

To apply for Hong Kong Offer Shares, you may:

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

(2) apply through **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to submit an **EIPO application** on your behalf through HKSCC's FINI system in accordance with your instructions.

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

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

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

*Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 50 Hong Kong Offer Shares and in one of the numbers set out in the table below. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.*

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
50	4,363.57	800	69,817.08	7,000	610,899.41	100,000	8,727,134.40
100	8,727.13	900	78,544.21	8,000	698,170.75	200,000	17,454,268.80
150	13,090.70	1,000	87,271.34	9,000	785,442.10	300,000	26,181,403.20
200	17,454.28	1,500	130,907.01	10,000	872,713.45	400,000	34,908,537.60
250	21,817.83	2,000	174,542.69	20,000	1,745,426.88	500,000	43,635,672.00
300	26,181.40	2,500	218,178.35	30,000	2,618,140.32	575,000[1]	50,181,022.80
350	30,544.98	3,000	261,814.03	40,000	3,490,853.75		
400	34,908.53	3,500	305,449.70	50,000	4,363,567.20		
450	39,272.11	4,000	349,085.38	60,000	5,236,280.65		
500	43,635.67	4,500	392,721.05	70,000	6,108,994.08		
600	52,362.81	5,000	436,356.72	80,000	6,981,707.52		
700	61,089.94	6,000	523,628.07	90,000	7,854,420.95		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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

If there is any change in the following expected timetable, we will issue an announcement in Hong Kong on the respective websites of the Company at ***https://hxpharma.com*** *and the Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Thursday, October 9, 2025

Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[*(Note 2)*] . . . . . 11:30 a.m. on Tuesday, October 14, 2025

Application lists for the Hong Kong Public Offering open[*(Note 3)*] . . . . . 11:45 a.m. on Tuesday, October 14, 2025

Latest time to give **electronic application instructions** to HKSCC[*(Note 4)*] . . . . . 12:00 noon on Tuesday, October 14, 2025

Latest time for completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday, October 14, 2025

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

Application lists for the Hong Kong Public Offering close[*(Note 3)*] . . . . . 12:00 noon on Tuesday, October 14, 2025

Expected Price Determination Date[*(Note 5)*] . . . . . Wednesday, October 15, 2025

Announcement of the final Offer Price, level of indications of interest in the International Offering, the level of applications of the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares to be published on our Company's website at **https://hxpharma.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or before . . . . . Thursday, October 16, 2025

Announcement of results of allocations in the Hong Kong Public Offering to be available through a variety of channels including:

(1) in the announcement to be posted on our Company's website at **https://hxpharma.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or before . . . . . Thursday, October 16, 2025

(2) from the "Allotment Results" page at the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function on a 24-hour basis from . . . . . 11:00 p.m. on Thursday, October 16, 2025 to 12:00 midnight on Wednesday, October 22, 2025

(3) from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . . . Friday, October 17, 2025 to Wednesday, October 22, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

Despatch of H Share certificates or deposit of H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or about *(Notes 6 to 8)* . . . . . Thursday, October 16, 2025

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications in case the final Offer Price is less than the maximum Offer Price paid for the applications pursuant to the Hong Kong Public Offering on or before *(Notes 7 to 10)* . . . . . Friday, October 17, 2025

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . . Friday, October 17, 2025

Notes:

(1) All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structures of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

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

(3) If there is a "black" rainstorm warning, Extreme Conditions and/or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, October 14, 2025, the application lists will not open or close on that day. For further details, please refer to the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for the Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels" in this prospectus.

(5) The Price Determination Date is expected to be on or about Wednesday, October 15, 2025, but in any event not later than 12:00 noon on Wednesday, October 15, 2025 or such later date as our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) may agree. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, October 15, 2025 between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.

(6) H Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, October 16, 2025 but will only become valid evidence of title at 8:00 a.m. on Friday, October 17, 2025 provided that (a) the Global Offering has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

(7) Applicants who have applied through the **HK eIPO White Form** service for 500,000 Hong Kong Offer Shares or more and have provided all information required on their application instructions may collect their H Share certificates (where applicable) personally from our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, October 17, 2025 or any other day as announced by us as the date of despatch of H Share certificates. Individuals who are eligible for personal collection must not authorize any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorize representative(s) bearing a letter of authorization from such corporation(s) stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar.

(8) Uncollected H Share certificates (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant application instructions. For further information, applicants should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus.

(9) **HK eIPO White Form** e-Auto Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$86.40 per Offer Share. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$86.40 per Offer Share, applicants may be required to pay the maximum Offer Price of HK$86.40 per Offer Share at the time of application (subject to application channels), plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%, but will be refunded the surplus application monies (subject to application channels), without interest, as provided in the section headed "How to Apply for

Hong Kong Offer Shares" in this prospectus. If you apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, you may have **HK eIPO White Form** e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website at **www.hkeipo.hk** by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant provided by you. Part of your identification document number, or, if you are joint applicants, part of the identification document number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your identification document number before encashment of your refund cheque, if any. Inaccurate completion of your identification document number may lead to a delay in encashment of, or may invalidate, your refund cheque.

(10) H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of their H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

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

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

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

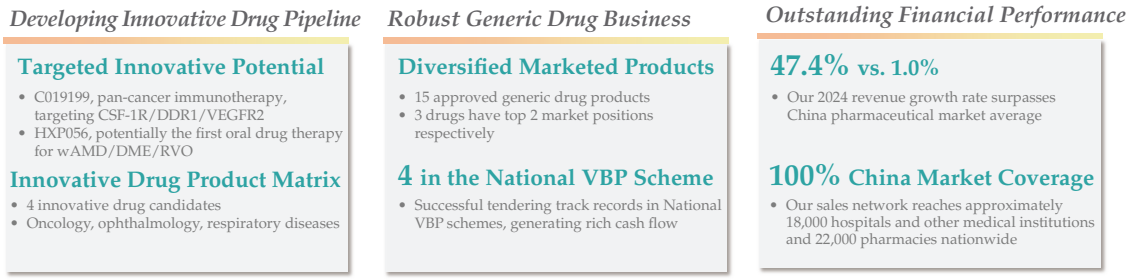
OVERVIEW

We are a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities, with a pipeline of innovative drug candidates. We have a diversified product portfolio and pipeline in the largest and fastest growing therapeutic areas in China. As of the Latest Practicable Date, our commercialized product portfolio primarily consisted of generic drugs for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases. According to CIC, these therapeutic areas accounted for over 25% of the total pharmaceutical sales in China in 2023. Our innovative drug pipeline focuses on drug candidates in a variety of indications, including one innovative oncology drug candidate, one potential first oral drug therapy for wet age-related macular degeneration (wAMD, a retinal disease caused by abnormal growth of blood vessels under the retina)/diabetic macular edema (DME, fluid leakage into macula from diabetes)/retinal vein occlusion (RVO, vision loss from blockage of retinal veins), and two other innovative preclinical-stage drug candidates in oncology and respiratory diseases. All of our innovative drug candidates are proprietarily discovered and developed in house.

We had obtained approval from the NMPA for 15 generic drugs and established a pipeline of four innovative drug candidates as of the Latest Practicable Date, making us a key market participant in the pharmaceutical industry in China. During the Track Record Period, we generated revenue from 13 approved products. To protect our products and drug candidates throughout their lifecycle, we have established a global patent portfolio that consisted of 37 patents as of the Latest Practicable Date, including 18 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries. In addition, we plan to actively explore opportunities to collaborate with multinational corporations (MNCs) to expand our international clinical research and commercialization capacities.

In 2024, we were recognized as one of the National Specialized and Innovative "Little Giant" Enterprises by the Ministry of Industry and Information Technology (國家專精特新「小巨人」企業). In 2023, we were recognized as one of the Specialized and Innovative Small and Medium-sized Enterprises in Fujian Province by the Department of Industry and Information Technology of Fujian Province (福建省專精特新中小企業). We are the first pharmaceutical company in Fujian Province and among the first five pharmaceutical companies in China to obtain the MAH manufacturing license.

The chart below sets for some highlights of our business:



Note: Data as of the Latest Practicable Date.

Our Product Portfolio and Pipeline

Our business has adopted a dual track model, comprising both generic drugs and innovative drug candidates. For our generic drugs, we have established market position by launching a series of products that obtained regulatory approvals in a timely manner and complied with all quality requirements, with technical barriers and substantial market potential. For our four innovative drug candidates, the indication spectrum has spanned from oncology to ophthalmology and beyond. The pipelines are developed with our extensive experience in different clinical stages and funded by the rich cash flow generated from our generic drug business.

Generic Drugs

The following table sets forth selected information of the generic drugs that we had obtained approval from the NMPA.

Approved Generic Drugs[2]											
Therapeutic area	Trademark	Generic name	VBP inclusion	End date of VBP inclusion validity period[3]	Geographical area coverage	Indication	Cause of the disease	Symptoms of the disease	Current treatment method of the disease	Date of ANDA approval	Description
Digestive System	安必力®	**Mosapride Citrate Tablets**	Selected in the National VBP Scheme	June 30, 2026	Beijing, Tianjin, Jiangsu, Anhui, Guangdong, Guangxi, Yunnan, Shaanxi, Hebei, Shandong	Functional dyspepsia	Gastrointestinal motility dysfunction and environmental factors	Mainly gastrointestinal symptoms without specific manifestation	Lifestyle management, antisecretory drugs and gastrointestinal excitomotor	June 17, 2020	The first product of its kind regarded as passing the consistency evaluation in China
	安立定®	**Rebamipide Tablets**	Selected in the Provincial VBP Scheme	December 31, 2026	Fujian	Gastric mucosal lesions in acute gastritis and acute exacerbation of chronic gastritis	Unhealthy lifestyle, infectious factors, and long-term NSAIDs intakes	Pain in abdominal with or without haematemesis or melena	Symptomatic treatment, hemostasis, and medication treatment	April 24, 2024	The third product of its kind regarded as passing the consistency evaluation in China
Cardiovascular system	海慧通®[4]	**Amlodipine Besilate and Atorvastatin Calcium Tablets**	Selected in the National VBP Scheme	December 31, 2025	Zhejiang, Fujian, Jiangxi, Hubei, Guangdong, Guangxi, Shaanxi, Gansu, Qinghai	Hypertension, coronary heart disease, and hypercholesterolemia	Majority are primary, including genetic factors, unhealthy lifestyle, mental problems, etc. Minority are secondarily caused by other diseases	Mainly headache, fatigue, cardiovascular symptoms, and secondary renal injury	Lifestyle management, antihypertensive drugs, and renal denervation	January 30, 2022	/
	海必平®[3]	**Valsartan and Amlodipine Tablets (I)**	Selected in the Provincial VBP Scheme	December 31, 2025	Jiangsu, Henan, Hubei, Hunan, Inner Mongolia, Guangxi, Hainan, Xinjiang, Shanxi, Chongqing, Guizhou, Qinghai, Ningxia, Yunnan, Sichuan, Tibet, Beijing, Shaanxi, Heilongjiang	Hypertension				April 19, 2022	/
	海可喜®	**Valsartan Tablets**	Selected in the Provincial VBP Scheme	June 30, 2026	Guangdong, Anhui, Fujian, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, Tibet, Gansu, Shandong	Hypertension				June 28, 2022	/
	海惠宁®	**Bisoprolol Fumarate and Amlodipine Besilate Tablets**	No National VBP Scheme Yet	/	/	Hypertension				December 1, 2024	/
	海立平®	**Benidipine Hydrochloride Tablets**	No National VBP Scheme Yet	/	/	Primary hypertension, angina pectoris	Primary hypertension: unknown Systolic blood pressure ≥140 mmHg and/or diastolic blood pressure ≥90 mmHg; angina pectoris: narrowing or blockage of major blood vessels supplying the heart, leading to insufficient oxygen supply to the myocardial cells	Chest pain or discomfort, chest tightness, sweating, and vomiting	Lifestyle management, antihypertensive pharmacotherapy, combination therapy, Pharmacological management,	July 30, 2025	/
	舒安亚®	**Nicergoline Tablets**	No National VBP Scheme Yet	/	/	Acute or chronic cerebrovascular disease or cerebral metabolic disorders	Genetic factors, systemic metabolic disorders, infectious factors, and trauma	Mainly headache, mental or cognitive disorder	Symptomatic treatment, medication treatment and interventional therapy	November 28, 2023	The second product of its kind regarded as passing the consistency evaluation in China
Endocrine system	瑞安妥®	**Cinacalcet Hydrochloride Tablets**	Selected in the National VBP Scheme	December 31, 2025	Hebei, Guizhou, Yunnan, Gansu, Jiangsu, Anhui, Hubei, Guangxi, Chongqing, Sichuan, Shaanxi, Qinghai, Shandong, Shanghai, Inner Mongolia	SHPT	Long-term hypocalcemia, hypomagnesemia, or hyperphosphatemia caused by chronic kidney disease, intestinal malabsorption syndrome, Fanconi syndrome, etc.	Mainly bone deformities, pathological fracture, and neurotoxic symptoms	Medication treatment, parathyroidectomy, and minimally invasive treatment	March 16, 2021	/
Nervous System	安优凡®[5]	**Escitalopram Oxalate Tablets**	Selected in the Provincial VBP Scheme	December 31, 2025	Fujian, Henan, Beijing, Chongqing, Yunnan, Sichuan, Tibet, Inner Mongolia, Shaanxi, Hubei, Jiangsu, Guangdong, Guangxi, Xinjiang, Qinghai, Ningxia, Hunan, Guizhou, Shanxi, Gansu, Hainan	Depression	Has not been elucidated yet	Mainly depressive mood, retardation of thought, and hypobulia	Medication treatment, psychotherapy, and physiotherapy	March 23, 2021	/

Approved Generic Drugs[2]											
Therapeutic area	Trademark	Generic name	VBP inclusion	End date of VBP inclusion validity period[3]	Geographical area coverage	Indication	Cause of the disease	Symptoms of the disease	Current treatment method of the disease	Date of ANDA approval	Description
Inflammation	安妥飞®	Celecoxib Capsules	Not participated	/	/	Rheumatoid arthritis	Autoimmune factors, genetic factors, and infectious factors	Mainly systemic arthritis, articular pain, and deformity	Lifestyle management, medication treatment, and surgical treatment	October 11, 2021	/
						Osteoarthritis	Aging and long-term physical labor	Mainly arthritis, articular pain, deformity, and limited joint activity	Lifestyle management, reduction in physical labor, medication treatment, and surgical treatment		
						Ankylosing spondylitis (may include other indications)	Autoimmune factors, genetic factors, and infectious factors	Mainly articular pain, deformity, and limited joint activity in vertebral column, and some patients may suffer from systemic symptoms	Lifestyle management, medication treatment, surgical treatment, and physiotherapy		
	赛西福®	Hydroxychloroquine Sulfate Tablets	Selected in the National VBP Scheme	December 31, 2027	Zhejiang, Fujian, Hunan, Yunnan, Tianjin, Heilongjiang	Rheumatoid arthritis	Autoimmune factors, genetic factors, and infectious factors	Mainly systemic arthritis, articular pain, and deformity	Lifestyle management, medication treatment, and surgical treatment	October 27, 2023	The second product of its kind regarded as passing the consistency evaluation in China
						Juvenile chronic arthritis	Has not been elucidated yet, maybe related to abnormalities in immune system	Mainly fever, skin rashes, hepatosplenomegaly, pleurisy, pericarditis, and arthropathy	Symptomatic treatment, anti-inflammatory agents, immunosuppressant, and adrenocorticotropic hormone treatment, and surgical treatment		
						Systemic lupus erythematosus	Has not been elucidated yet, maybe an autoimmune disease	Characterized by skin rashes, accompanied by several viscera injuries including cardiac damage, pulmonary interstitial fibrosis, pancreatitis, etc.	Symptomatic treatment, avoiding UV light, medication treatment, and topical treatment		
						Discoid lupus erythematosus	Genetic factors, drug effects, infectious factors, endocrine factors, exposure to UV light, and disorder in immune system	Chronic and recurrent rashes on skin and mucosa	Avoiding UV light, medication treatment, and topical treatment		
	安飞平®	Diclofenac Sodium Enteric-coated Tablets	No National VBP Scheme Yet	/	/	Anti inflammatory and analgesic effect	All kinds of noxious stimulus	Topical or systemic redness, swelling, elevated body temperature, pain, and loss of function	Symptomatic treatment, and medication treatment	June 28, 2024	The first product of its kind regarded as passing the consistency evaluation in China
	盈安可®	Cobamamide Capsules	No National VBP Scheme Yet	/	/	Anemia	Impaired RBC production, hemolytic anemia, blood loss, and hypervolemia	Mainly fatigue, dizziness, headache, shortness of breath, and mental disorder	Etiological treatment, folic acid, vitamin B12, and iron supplements	August 5, 2024	The fifth product of its kind regarded as passing the consistency evaluation in China
						Neuroinflammations	Noxious stimulus affecting neuro system	Topical pain, sensory disturbance, and activity limitation	Etiological treatment, and neurotrophic treatment; and physiotherapy		
	及舒宁®	Cetirizine Hydrochloride Oral Solution	No National VBP Scheme Yet	/	/	Allergic rhinitis, allergic conjunctivitis, urticaria, etc.	Immune system's overreaction to allergens	Seasonal/perennial allergic rhinitis, allergic conjunctivitis, etc.	Lifestyle management, and medication treatment	June 17, 2025	/

Notes:

(1) All of our commercialized generic drugs were developed and commercialized in mainland China, and registered as the third or fourth category of chemical drugs. They have been included in the NRDL. None of our products have been historically included in any national or provincial negative catalogues.

(2) During the Track Record Period, all drug products in our commercialized generic drugs pipeline (i.e., all of our approved drug products except Jishuning (及舒宁®) and Hailiping (海立平®)) had generated revenue for us. Jishuning (及舒宁®) and Hailiping (海立平®) had not been commercialized as of the Latest Practicable Date. Among all of our 15 approved generic drug products, Antuofei (安妥飞®), Anliding (安立定®), Haihuitong (海慧通®) and Hailiping (海立平®), were developed in house, and the other 11 generic drug products were developed under R&D collaboration.

(3) For drug products which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validly period refers to the latest one. The start date for Haibiping (海必平®) in certain provinces is yet to be determined by relevant authorities.

(4) In addition to hypertension, the indications of Haihuitong (海慧通®) also include coronary heart disease and hypercholesterolemia. Coronary heart disease is caused by aging, unhealthy lifestyle, hypertension, hyperlipidemia, and/or diabetes. The symptoms of coronary heart disease are mainly fatigue and angina pectoris, and its current treatment methods include lifestyle management, medication treatment or interventional therapy. Hypercholesterolemia is caused by unhealthy lifestyle and endocrine disorder. There is no specific manifestation of symptom of hypercholesterolemia at early stage but it may lead to vascular diseases at late stage. Its current treatment methods include lifestyle management, medication treatment and terminal ileum resection.

(5) In addition to depression, the indications of Anyoufan (安优凡®) also include anxiety disorder and panic disorder. Anxiety disorder is caused by disturbance in neurotransmitter level and psychological factors, and its symptoms include persistent or intermittent anxious emotion with or without somatic or behavior symptoms. Panic disorder is caused by genetic factors, psychological factors, and neuroanatomical factors, and its symptoms include intermittent panic attack, anticipatory anxiety and behavior disorder. The current treatment methods of panic disorder and anxiety disorder are medication treatment and psychotherapy.

Among the 15 generic drugs that we had obtained approval from the NMPA as of the Latest Practicable Date, four were selected in the national volume-based procurement (the "**VBP**") schemes and continued to make significant contributions to our revenue. We also have four drug products selected in the provincial VBP schemes. The four drug products selected in the national VBP schemes include:

- **Anbili (安必力®)**: The first-to-market generic of mosapride citrate tablets regarded as passing the consistency evaluation in China and selected in the Fourth National VBP Scheme. Anbili contributed RMB146.0 million to our revenue in 2024 with a market share of 25.7%, ranking second in its product category in China, according to CIC.

- **Haihuitong (海慧通®)**: Generic amlodipine besilate and atorvastatin calcium tablets selected in the Eighth National VBP Scheme. Haihuitong contributed RMB187.3 million to our revenue in 2024 with a market share of 59.3%, ranking first in its product category in China, according to CIC.

- **Ruiantuo (瑞安妥®)**: Generic cinacalcet hydrochloride tablets selected in the Fifth National VBP Scheme. Ruiantuo contributed RMB47.9 million to our revenue in 2024 with a market share of 16.7%, ranking second in its product category in China, according to CIC.

- **Saixifu (赛西福®)**: The second-to-market generic of hydroxychloroquine sulfate tablets regarded as passing the consistency evaluation in China and selected in the Tenth National VBP Scheme. Saixifu contributed RMB43.7 million and RMB19.2 million to our revenue in 2024 and the five months ended May 31, 2025 respectively.

VBP schemes are implemented on national and provincial levels. According to CIC, national and provincial VBP schemes complement each other in the selection of products, and the inclusion in the national VBP scheme in practice supersedes the provincial VBP, promoting a unified approach across different administrative levels.

The national VBP scheme is implemented by the NHSA. Participation by pharmaceutical companies in the national VBP scheme is voluntary. Successful bids under the national VBP scheme are generally valid for two to three years. Provincial VBP schemes complement the national VBP scheme, and can vary significantly across different regions. The provincial VBP schemes are primarily implemented by various inter-provincial procurement alliances (the "**alliances**") formed by provincial government authorities across provinces and cities. Successful bids under provincial VBP schemes are generally valid for one to two years. The national VBP scheme itself does not undergo a renewal process. The renewal of expired national VBP schemes is not centrally administered by the national authority but delegated to provinces or alliances. The provinces or alliances implement renewals under the national policy framework, with the authority to determine specific terms. The Opinions on Promoting the Regular and Institutionalized Development of Drug Centralized Volume-based Procurement (關於推動藥品集中帶量採購工作常態化制度化開展的意見), issued by the general office of the State Council in January 2021, explicitly emphasizes a tiered procurement system, under which

provincial and alliance-level procurement is encouraged for non-national procurement candidates, granting provinces and alliances autonomy to organize renewals or new rounds of procurement after the first national VBP scheme. Certain regions streamline the process by referencing renewal outcomes from other provincial or national results. This decentralized model may lead to variations in renewal terms across regions. For example, Gansu and Liaoning provinces independently renewed expired national VBP schemes, adjusting terms based on local clinical needs and supply conditions. Sichuan, Chongqing, Inner Mongolia, Hubei, Yunnan, Tibet, Shaanxi and Ningxia formed an alliance to leverage shared procurement data and price linkage policies.

The following eight of our commercialized products were selected in VBP schemes. The following table sets out selected information of such products:

Products	**National/ Provincial**	**Selected in VBP scheme since**	**End date of VBP inclusion validity period** *(note)*
Anbili (安必力®)	National	February 2021	June 30, 2026
Ruiantuo (瑞安妥®)	National	June 2021	December 31, 2025
Haihuitong (海慧通®)	National	April 2023	December 31, 2025
Saixifu (赛西福®)	National	December 2024	December 31, 2027
Anyoufan (安优凡®)	Provincial	September 2022	December 31, 2025
Anliding (安立定®)	Provincial	December 2024	December 31, 2026
Haibiping (海必平®)	Provincial	June 2022	December 31, 2025
Haikexi (海可喜®)	Provincial	May 2024	June 30, 2026

Notes:

(1) For drug products which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validity period refers to the latest one. The start date for Haibiping (海必平®) in certain provinces is yet to be determined by relevant authorities.

(2) The inclusion in the VBP schemes for Anbili (安必力®), Ruiantuo (瑞安妥®), Anyoufan (安优凡®) and Haibiping (海必平®) had been extended through renewal biddings as of the Latest Practicable Date.

The following table sets forth the sales volume and average selling price of our products which are included in VBP schemes during the Track Record Period.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2025			
Product	Sales volume[1] ('000)	Average selling price[2] (RMB)	Sales volume[1] ('000)	Average selling price[2] (RMB)	Sales volume[1] ('000)	Average selling price[2] (RMB)	Sales volume[1] ('000)	Average selling price[2] (RMB)	Time of VBP scheme inclusion	Average selling price before VBP scheme inclusion[3] (RMB)
Anbili (安必力®)	353,545	0.46	323,552	0.45	329,394	0.44	169,026	0.43	February 2021	1.16
Ruiantuo (瑞安妥®)	8,964	3.86	10,449	3.85	12,702	3.77	5,264	3.30	June 2021	N/A[4]
Haihuitong (海慧通®)	1,687	3.54	46,917	2.19	85,483	2.19	54,343	2.19	April 2023	3.56
Haibiping (海必平®)	4,534	0.59	21,251	0.57	36,810	0.56	22,203	0.52	June 2022	N/A[4]
Anyoufan (安优凡®)	1,016	0.56	10,063	0.53	19,922	0.51	10,268	0.59	September 2022	0.81
Antuofei (安妥飞®)	826	0.66	6,778	0.70	5,284	0.72	2,131	0.73	N/A	N/A
Saixifu (赛西福®)	–	–	–	–	21,377	2.05	27,588	0.70	December 2024	2.04[5]
Anliding (安立定®)	–	–	–	–	842	0.61	1,138	0.63	December 2024	N/A[4]
Haikexi (海可喜®)	–	–	–	–	3,109	0.23	1,700	0.22	May 2024	N/A[4]
Shuanya (舒安亚®)	–	–	–	–	319	1.95	162	2.03	N/A	N/A
Haihuining (海惠宁®)	–	–	–	–	–	–	77	1.14	N/A	N/A
Yinganke (盈安可®)	–	–	–	–	–	–	28	1.46	N/A	N/A
Anfeiping (安飞平®)	–	–	–	–	–	–	192	0.25	N/A	N/A

Notes:

(1) Certain products are available in multiple specifications. The sales volume presented reflects the total number of tablets/capsules sold and does not distinguish between different specifications.

(2) The average selling price is calculated by dividing the total revenue of a product by the total number of tablets/capsules sold of that product in a certain year/period.

(3) The average selling price before VBP scheme inclusion is calculated by dividing the total revenue of a product from its commercialization to the time it was included in the VBP scheme, by the total number of tablets/capsules sold during that period. The decrease of our average selling price during the Track Record Period was primarily due to the inclusion of our products in the VBP scheme, which is in line with the industry norm, as advised by our Industry Consultant.

(4) The sales of such product had not been commenced before it was included in the VBP scheme. As a result, there was no available average selling price before VBP scheme inclusion.

(5) Although Saixifu (赛西福®) was included in the VBP scheme in December 2024, its sales under the national VBP scheme had not been commenced until April 2025, resulting in similar level of its average selling price in 2024 and before the VBP scheme inclusion.

Revenue by Sales Channel

We sell substantially all of our products to distributors, who in turn distribute such products primarily to hospitals and a small portion to pharmacies. During the Track Record Period, we also generated a small portion of our revenue from direct sales to pharmacies. The following table sets forth the breakdown of our revenue from sales of pharmaceutical products in absolute amounts and as a percentage of total revenue by sales channel for the years/periods indicated.

	For the years ended December 31						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Distributors	205,334	100.0%	302,362	97.1%	449,193	97.3%	170,526	95.9%	243,852	97.9%
– from VBP schemes	186,501	90.8%	279,418	92.4%	404,078	90.0%	147,429	82.9%	234,937	94.3%
– from non-VBP schemes	18,833	9.2%	22,944	7.6%	45,115	10.0%	23,097	13.0%	8,915	3.6%
Direct sales	–	–	9,167	2.9%	12,336	2.7%	7,249	4.1%	5,295	2.1%
Total	205,334	100.0%	311,529	100.0%	461,529	100.0%	177,775	100.0%	249,147	100.0%

Revenue by Marketed Products

The following table sets forth a breakdown of revenue from sales of pharmaceutical products by marketed products during the Track Record Period in absolute amounts and as percentages of total revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Anbili (安必力®)	160,973	78.4%	146,096	46.9%	145,984	31.6%	61,718	34.7%	72,922	29.3%
Ruiantuo (瑞安妥®)	34,614	16.9%	40,255	12.9%	47,949	10.4%	18,924	10.6%	17,385	7.0%
Haihuitong (海慧通®)	5,965	2.9%	102,911	33.0%	187,339	40.6%	70,407	39.6%	118,866	47.7%
Haibiping (海必平®)	2,661	1.3%	12,129	3.9%	20,779	4.5%	7,761	4.4%	11,538	4.6%
Anyoufan (安优凡®)	571	0.3%	5,363	1.7%	10,064	2.2%	3,027	1.7%	6,063	2.4%
Saixifu (赛西福®)	–	–	–	–	43,729	9.5%	14,212	8.0%	19,220	7.7%
Others	548	0.3%	4,776	1.5%	5,685	1.2%	1,726	1.0%	3,153	1.3%
Total	205,334	100.0%	311,529	100.0%	461,529	100.0%	177,775	100.0%	249,147	100.0%

Besides the abovementioned generic drugs that have been approved by the NMPA and commercialized, we have a pipeline of five generic drug candidates at the ANDA stage that are expected to be approved for marketing by 2025 or 2026 on epilepsy (a chronic neurological disorder), electrolyte supplementation, brain dysfunction (impaired cognitive/neurological function) and peripheral blood circulation disorders, mild to severe pain and gastric mucosal protection. The table below sets forth selected information on our generic drug candidates as of the Latest Practicable Date:

Pipeline of Generic Drug Candidates — Products under Development								
Drug Name	Dosage Form	Indication	Pre-Clinical	BE Study	ANDA	ANDA Approval	Expected Upcoming Milestone	Origin
Sodium Valproate Sustained-Release Tablets (I)	Oral	Epilepsy	China				Expected to obtain approval in 2025	Collaborative R&D
Sodium Potassium Magnesium and Calcium Concentrated Solution for Injection	Injection	Electrolyte supplementation	China				Expected to obtain approval in 2026	Collaborative R&D
Pentoxifylline Sustained-release Tablets	Oral	Brain dysfunction and peripheral blood circulation disorders	China				Expected to obtain approval in 2026	Developed in-house
Paracetamol Ibuprofen Tablets	Oral	Mild to severe pain	China				Expected to obtain approval in 2026	Collaborative R&D
Polaprezinc Granules	Oral	Gastric mucosal protection	China				Expected to obtain approval in 2026	Developed in-house
Iguratimod Tablets	Oral	Arthritis	China				Expected to submit ANDA in 2025	Developed in-house
Pinaverium Bromide Tablets	Oral	Irritable bowel syndrome and functional disorders of biliary tract	China				Expected to submit ANDA in 2025	Developed in-house
Lercanidipine Hydrochloride Tablets	Oral	Hypertension	China				Expected to submit ANDA in 2025	Developed in-house

Notes:

(1) According to applicable drug registration regulations in China, chemical drugs are classified into five categories, and generic drugs are normally under the third (drugs imitated by domestic applicants which are marketed overseas while originator's drugs are not marketed in the PRC) or fourth (drugs imitated by domestic applicants while originator's drugs have been marketed in the PRC) category. We also expect the registration category of our generic drug candidates to be the third or fourth category of chemical drugs. See "Regulatory Overview — Classification of Chemical Drugs" in this prospectus for details of classification of chemical drugs.

(2) As of the Latest Practicable Date, we also had more than ten generic drugs under early stage development, which primarily involves pre-clinical R&D comprising laboratory-scale development, small-scale production, and process validation (工藝驗證), followed by BE studies required for ANDA submission.

(3) We entered into a collaborative R&D agreement with a collaboration partner in 2022 in relation to sodium valproate sustained-release tablets, under which we were the MAH and led the overall R&D process. Under the agreement, we make milestone payments to our partner upon milestone events such as the receipt of registration application package, in consideration of our partner's efforts in executing experiments, process validation, and assisting in registration applications. Such milestone payments are recorded as our R&D expenses. The annual sales profit of the relevant product will be shared based on agreed-upon ratios. We currently do not have in consideration plans to enter into similar agreements in the future.

The key distinction between this agreement and the type I collaborative R&D agreements as disclosed in "Business — Research and Development — R&D collaboration Arrangements" in this prospectus lie in the division of R&D labor. In this agreement, our collaboration partner was more involved in specific R&D tasks such as the execution of small-scale and scale-up experiments material procurement. We made payments to it in consideration of its technical support to the R&D process. In type I agreements, while we also lead the overall R&D work, we are more heavily engaged in specific R&D tasks, and the advance payments we receive from our partners reflect the costs that are to be shared between the parties.

(4) We expect to be the marketing authorization holder of each of our generic drug candidates.

For more information, see "Business — Our Product Portfolio — Our Generic Drugs — Generic Drug Candidates" in this prospectus.

Innovative Drug Candidates

We had also established a pipeline of four innovative drug candidates covering oncology, ophthalmology and respiratory diseases. All of our innovative drug candidates are proprietarily discovered and developed in house. We may explore potential license-out opportunities or other collaboration arrangements for our innovative drug candidates in overseas market in the future, but we currently do not have any concrete plans. The following table sets forth selected information of our major innovative drug candidates in our pipeline as of the Latest Practicable Date.

Pipeline of Innovative Drug Candidates

Project Name	Therapeutic area	Target/ MOA	Dosage Form	Expected registration category	Mono/ Combo	Intended Indications	Pre-Clinical	IND	Phase I	Phase II	Phase III	Expected Upcoming Milestone
C019199	Oncology	CSF-1R/ DDR1/ VEGFR2 Immuno-oncology therapy	Oral	Class I chemical drugs	Mono	Osteosarcoma	China					Initiate Phase III trial in 2H 2025
							U.S.					Submit Phase I/II IND application in 2H 2025
						HER2- breast cancer	China					Complete Phase Ib/II trial in 2H 2025
						Tenosynovial giant cell tumor (TGCT)	China					Complete Phase Ib/II trial in 2H 2025
						Melanoma	China					Complete Phase Ib/II trial in 1H 2026
					Combo (anti-PD-1 mAbs)	Triple-negative breast cancer (TNBC)	China					Initiate Phase III trial in 1H 2026
							U.S.					Submit Phase I/II IND application in 2H 2025
						Colorectal cancer (CRC)	China					Complete Phase II trial in 1H 2026
						Pancreatic cancer	China					Complete Phase II trial in 2H 2025
						Gastric cancer	China					Complete Phase II trial in 2H 2026
						Esophageal squamous cell carcinoma	China					Complete Phase II trial in 2H 2026
						Head and neck squamous cell carcinoma	China					Complete Phase II trial in 2H 2026
HXP056	Ophthalmology	VEGFR2	Oral	Class I chemical drugs	Mono	Wet age-related macular degeneration (wAMD)	China					Complete Phase I trial by the end of 2025
						Diabetic macular edema (DME)	China					Initiate Phase II trial in 2H 2025
						Retinal vein occlusion (RVO)	China					Initiate Phase II trial in 2H 2025

Note: All of our innovative drug candidates were developed in-house and we have global commercial rights.

C019199 is an innovative multi-mechanism immuno-modulator targeting CSF-1R/DDR1/VEGFR2. We are developing C019199 both as monotherapy and in combination therapies with drugs such as anti-PD-1 monoclonal antibodies ("**anti-PD-1 mAbs**") on a variety of oncology diseases. C019199's indications include, among others, osteosarcoma (malignant bone tumor), breast cancer (malignancy in breast tissue), colorectal cancer, pancreatic cancer and tenosynovial giant cell tumor (TGCT). C019199 is expected to fill the treatment gap for second-line and later-stage advanced osteosarcoma. In July 2020, we obtained the IND approval from the NMPA for C019199. As of the Latest Practicable Date, we had (i) completed Phase Ia clinical trials and initiated Phase Ib/II clinical trials for osteosarcoma and TGCT; and (ii) completed Phase I clinical trial and initiated Phase II clinical trial in different types of solid tumors for combination therapy with anti-PD-1 mAbs. C019199 modulates the immunosuppressive tumor microenvironment (TME) and exerts synergistic anti-tumor effects through the selective inhibition of three targets: CSF-1R, DDR1, and VEGFR2. It inhibits tumor angiogenesis and suppresses multiple pathways involved in tumor cell division, growth, migration, and invasion. In 2025, we expect to initiate Phase III clinical trials for osteosarcoma and breast cancer in China, and Phases I/II clinical trials for osteosarcoma and breast cancer in monotherapy or combination therapy with anti-PD-1 mAbs in the U.S. after we obtain FDA IND approval. We believe C019199 has the potential to become a drug tapping into potential markets. We have applied and obtained a series of patents for C019199 including composition of matter patent. For more information, see "Business — Intellectual Property" in this prospectus.

HXP056 is an innovative drug candidate and is the potential first oral drug therapy designed for the treatment of ocular fundus diseases such as wet age-related macular degeneration (wAMD), diabetic macular edema (DME) and retinal vein occlusion (RVO). HXP056 is a novel molecule invented internally and designed as an oral formulation, addressing a significant shortcoming in current therapies that require doctors' visits for vitreous injections which could cause unintended side effects and discomfort for patients, leading to frequent patient non-compliance and resulting in inferior treatment outcome. We believe that the oral formulation will alleviate the unintended side effects and discomfort associated with injections and enhance patient compliance, leading to better treatment options for patients with wAMD/DME/RVO. According to CIC, there is currently no approved wAMD drug therapy worldwide that utilizes an oral formulation, and HXP056 has the potential to become the first oral drug therapy in this area, improving from the cumbersome administration of current vitreous injections. In addition, we believe that the innovative multi-targeted mechanism of HXP056 may enable it to further improve the treatment efficacy for patients. We submitted IND application of HXP056 to the NMPA in January 2025, and received its IND approval from the NMPA in April 2025. We initiated the Phase I clinical trial in June 2025 and are actively recruiting patients at the current stage. We expect that the Phase I clinical trial will be completed by the end of 2025.

Our diversified product portfolio of commercialized drugs has enabled us to achieve rapid growth during the Track Record Period. In 2022, 2023 and 2024 and the five months ended May 31, 2025, our revenue amounted to RMB212.5 million, RMB316.6 million, RMB466.7 million and RMB249.2 million, respectively. In 2022, 2023 and 2024 and the five months ended May 31, 2025, our net profit amounted to RMB69.0 million, RMB117.5 million, RMB136.1 million and RMB90.2 million, respectively. The change in our net profit during the Track Record Period was primarily driven by the increase in our revenue mainly attributable to the increase in revenue from sales of pharmaceutical products, partially offset by the increase in cost of sales during this period. The increase in revenue from sales of pharmaceutical products from 2022 to 2023 mainly reflected the increased sales in Haihuitong (海慧通®), Haibiping (海必平®) and Ruiantuo (瑞安妥®). The increase in revenue from sales of pharmaceutical products from 2023 to 2024 mainly reflected the increased sales in Haihuitong (海慧通®) and Ruiantuo (瑞安妥®), and sales from Saixifu (赛西福®) which was newly selected in provincial and national VBP schemes in December 2023 and in 2024, respectively. The increase in revenue from sales of pharmaceutical products from the five months ended May 31, 2024 to the five months ended May 31, 2025 mainly reflected the increased sales in Haihuitong (海慧通®) and Anbili (安必力®).

Research and Development

With over a decade of experience, we have established a R&D team that covers the entire cycle of pharmaceutical R&D, including medicinal chemistry, formulation, preclinical research, quality control, quality assurance, clinical operation and regulatory affairs. We have built two product development platforms which form the bedrock of our R&D capabilities. These product development platforms include (i) the Multi-target Innovative Drug Development Platform, through which we facilitate the screening, discovery and optimization of compound candidates in preclinical research and advance development candidates in clinical studies; and (ii) the Generic Drug Development Platform, through which we continue to develop drug candidates with market potential. For more details, see "Business — Research and Development — R&D Platforms" in this prospectus. They enable us to continuously and quickly identify therapeutic targets with huge market potential and develop products towards commercialization.

As of the Latest Practicable Date, our R&D team consisted of 112 researchers, around 27% of whom have obtained a Ph.D. or a master's degree, covering a broad range of scientific disciplines. As of the Latest Practicable Date, key members of our R&D team had an average of approximately 19 years of experience in the pharmaceutical industry.

Empowered by our R&D team, we have established a patent portfolio to protect our diversified products and drug candidates. As of the Latest Practicable Date, we had been granted 37 patents globally, including 18 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries.

R&D Collaboration Arrangements

We entered into collaborative generic drug R&D arrangements with our partners during the Track Record Period. The generic drug products developed under such arrangements include Haihuining (海惠宁®), Anfeiping (安飞平®), Jishuning (及舒宁®), Yinganke (盈安可®), Anyoufan (安优凡®), Shuanya (舒安亚®), Haikexi (海可喜®), Haibiping (海必平®), Saixifu (赛西福®), Anbili (安必力®) and Ruiantuo (瑞安妥®).

For our typical collaboration arrangements, (i) we are the MAH and lead the overall R&D, whereas our partners provide assistance in the process; and (ii) we share the profits derived from the sale of the drug with our partners after it is approved for marketing.

Under type I collaborative R&D agreements, we receive advance payments from our partners. We enter into type I collaborative R&D agreements before the drug registration application for the relevant drug product is submitted. We normally lead the R&D work and take charge in drug registration application for marketing approval. Our partners make advance payment to us upon milestone events. We share the annual sales profit of the relevant products with our partners according to the agreed-upon ratios.

Under type II collaborative R&D agreements, we receive technology transfer fees from our partners. We are responsible for the overall drug registration application process. Our partners pay us a technology transfer fee for the rights to share sales profits of the products with us. The annual sales profit of such products will be shared between both parties according to the agreed-upon ratios. We entered into type II collaborative R&D agreements in 2018 and 2019, respectively, and we currently do not have in consideration plans to enter into similar agreements in the future.

See "Business — Research and Development — R&D Collaboration Arrangements" for details of our R&D Collaboration Arrangements during the Track Record Period.

Manufacturing Capacities

During the Track Record Period and up to the Latest Practicable Date, we, as an MAH, primarily focused on the R&D and commercialization of the generic and innovative drug candidates in our pipeline, and outsourced their manufacturing to qualified CMOs. To ensure quality, we have established a quality management team that consisted of (i) a quality assurance department of over 35 employees to monitor the entire manufacturing process, and (ii) a quality control department of over 20 employees for product quality research and testing.

To enhance our production capabilities for generic and innovative drugs, we are constructing our own manufacturing facility in Fuzhou with a total GFA of around 90,000 sq.m. As of the Latest Practicable Date, we had obtained the Drug Manufacturing License issued by the Fujian Medical Products Administration (福建省藥品監督管理局), and had completed the installation of production lines for oral solid dosage production with designed annual production capacity of 2.0 billion tablets and capsules. As of the Latest Practicable Date, the Changle Facility, which has completed the construction and obtained the Final Acceptance Report, had met the requirements concerning its completion timeline

and other material development conditions as stipulated in the relevant land use rights grant contract, and was in the process validation stage. In addition to obtaining the Drug Manufacturing License, all drug products in our current generic drug portfolio have obtained their respective drug registration certificates. Additionally, we are required to pass the GMP compliance inspection and obtain the GMP Compliance Inspection Notice issued by the Fujian Medical Products Administration for the Changle Facility before it is actually put onto operation. As of the Latest Practicable Date, we have obtained such GMP Compliance Inspection Notice, which is necessary at the current stage. We plan to shift the majority of our production activities to the Changle Facility in next two years in a phased manner, and maintain business relationships with selected CMOs to provide supplementary production capacity in the foreseeable future.

Sales and Marketing

The successful commercialization of our various products across China is empowered by our professional and efficient sales team, nationwide sales and distribution network and multi-dimensional sales model. As of the Latest Practicable Date, we had a sales team of 37 employees with an average of approximately ten years of experience in the pharmaceutical industry. We treat hospitals and other medical institutions as our focal points and gradually expand into other sales channels, such as retail pharmacies, online pharmacies and internet medical platforms. Through selection of our products in the national and provincial VBP schemes, we were able to significantly expand our sales and distribution network. As of the Latest Practicable Date, our sales and distribution network was connected to over 18,000 hospitals and other medical institutions, including more than 5,100 Grade III or II hospitals, in addition to over 22,000 pharmacies, covering all of the provinces, municipalities and autonomous regions in China. The triad of our sales team, sales and distribution network and sales model enabled us to respond quickly to evolving market needs, explore new sales channels and facilitate the smooth circulation of our products from production to end customers, deeply penetrating to different tiers of markets. For more information, see "Business — Sales, Marketing and Distribution" in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our historical success, and we expect that they will continuously enable us to improve our market position in the rapidly growing pharmaceutical industry in China:

- We are a pharmaceutical company in the commercialization stage that integrates R&D, production and sales capacities with generic products and innovative drug candidates in therapeutic areas with immense market potential;

- Robust, scalable and sustainable product portfolio and pipeline driven by our dual-track development of generic and innovative drugs as well as R&D and commercialization capabilities;

- Strong commercialization capabilities backed by our professional and efficient sales team, nationwide sales and distribution network, multi-dimensional sales model and experience in national VBP schemes;

- Leveraging our R&D team and product development platforms, we have created innovative drug candidates as well as difficult-to-replicate generic drugs that obtained regulatory approvals in a timely manner and complied with all quality requirements;

- Optimized capital utilization and production capacity backed by our collaboration with GMP-compliant CMOs and in-house manufacturing facility; and

- Seasoned management team with international backgrounds and proven track records.

OUR STRATEGIES

We will continue to support the R&D of our innovative drugs through the sales of our generic drugs. In the long run, our objective is to develop innovative drugs that are globally competitive and affordable to patients around the world. To achieve our goal, we plan to implement the following strategies:

- Continue to invest in R&D to advance our product development and enrich our product portfolio and pipeline

- We will continue to enhance our commercialization capabilities and further expand our market presence

- Improve our R&D capacities and pursue collaboration opportunities

- Conduct GMP compliance inspection, expand our production capacity and further strengthen our quality control

- Continuously recruit, cultivate and retain talent

OUR CUSTOMERS AND SUPPLIERS

Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) suppliers for the raw materials of our products, (ii) CMOs providing product manufacturing services, (iii) CROs providing third-party contracting services for the research and development of our drug candidates, (iv) marketing service providers supporting our marketing planning and strategy, and (v) device and equipment manufacturers. We select our suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases from our five largest suppliers in aggregate in each year/period amounted to RMB55.3 million, RMB134.8 million, RMB244.1 million and RMB73.8 million, respectively, accounting for 46.5%, 55.7%, 52.8% and 53.8% of our total purchases in each year/period, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases from our largest supplier in each year/period amounted to RMB16.7 million, RMB72.6 million, RMB91.3 million and RMB18.2 million, respectively, accounting for 14.0%, 30.0%, 19.7% and 13.3% of our total purchases in each year/period, respectively.

Customers

During the Track Record Period, our revenue was primarily derived from the sales of our products. Our customers mainly consist of (i) state-owned pharmaceutical distribution companies, and (ii) pharmacies and other retailers. Our five largest customers during the Track Record Period comprised our distributors.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue generated from our five largest customers in aggregate in each year/period amounted to RMB180.8 million, RMB231.9 million, RMB338.9 million and RMB178.8 million, respectively, accounting for 85.1%, 73.3%, 72.6% and 71.7% of our total revenue, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue from our largest customer in each year/period amounted to RMB125.0 million, RMB153.7 million, RMB212.7 million and RMB111.0 million, respectively, accounting for 58.8%, 48.5%, 45.6% and 44.5% of our total revenue in each year/period, respectively.

All of our five largest customers and suppliers during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our five largest customers during the Track Record Period.

COMPETITION

The pharmaceutical industries in China are characterized by rapidly advancing technologies and fierce competition. While we believe that our research and development experience and operational history provide us with competitive advantages, we are exposed to potential competition from many different sources, including national and regional manufacturers of our products as well as large State-owned pharmaceutical companies.

We face competition from the products that are indicated for similar conditions as our products on the basis of efficacy, safety, price, brand, general market acceptance and recognition. The identities of our key competitors vary by product. Our competitors may have greater financial and research and development resources than us and may elect to focus their resources on developing, importing or licensing-in and marketing products in China that are substitutes of our products and may have broader sales and marketing network than us. For details of the major competitors of our products, see "Industry Overview" in this prospectus.

We believe that we will be able to maintain our competitiveness by leveraging our capabilities to commercialize our current drug candidates, develop innovative drugs and advanced technologies, develop a more extensive portfolio, maintain an efficient operational model and effectively market and promote our products. In addition, our expanding capacity enables us to satisfy the increasing needs of our products and grow with our customers in a long run.

RISK FACTORS

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

- Our products may be subject to price restrictions such as VBP and may continue to experience downward pressure on product prices in China.

- If our products are excluded or removed from national, provincial or other government-sponsored medical insurance programs, or are included in any national or provincial negative catalogs, our sales, profitability and business prospects could be materially and adversely affected.

- If we are unable to succeed in tender processes to sell our products to PRC public hospitals and other medical institutions, we may lose market share and our revenue and profitability could be materially and adversely affected.

- We are dependent on sales of a limited number of major products in China, which account for a substantial portion of our total revenue. If we are unable to maintain the sales volumes, pricing levels and profit margins of our such products, our revenue and profitability could be adversely affected.

- We depend on distributors for a substantial portion of our revenue and our revenue growth. We may fail to manage our distributors effectively, or maintain or renew relationships with distributors, or further expand our network of distributors.

- If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing the foregoing, our business prospects could be adversely affected.

- Pre-clinical and clinical development programs involve a lengthy and expensive process with an uncertain outcome, and results of such programs may not be predictive of future trial results.

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

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

During the Track Record Period and up to the Latest Practicable Date, Dr. Kang, one of our co-founders, chairman of the Board and executive Director, Ms. Feng, one of our co-founders and serves as our executive Director and deputy general manager, and Tairuihe Investment, an entity controlled by Dr. Kang acted in concert and are our group of Controlling Shareholders. As of Latest Practicable Date, our Controlling Shareholders collectively held approximately 41.17% of the total issued share capital of our Company, comprising (i) 18.97% of the equity interest of our Company directly held by Dr. Kang; (ii) 7.44% of the equity interest of our Company directly held by Tairuihe Investment; and (iii) 14.76% of the equity interest of our Company directly held by Ms. Feng. For details, see "Relationship with Our Controlling Shareholders" in this prospectus.

Pre-IPO Investment

To provide part of the financing required for the business development, capital expenditures and general working capital of our operating entities in the PRC, we conducted the Pre-IPO Investments with the Pre-IPO Investors, namely, Zhanhongda Investment, Jindonghong Capital, Jindongshi Capital, Huaxinyue Investment, Hongrang Investment, Xinrui Investment, Hongpan Investment and Huifu Chuangjing. Immediately following the completion of the Global Offering, the Pre-IPO Investors will hold approximately 32.01% of the issued Shares. For details of the identity and background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Development and Corporate Structure — Pre-IPO Investments" in this prospectus.

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I in this prospectus. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years/periods indicated.

	Years ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	212,465	316,633	466,683	180,603	249,216
Cost of sales/services	(40,393)	(52,994)	(79,489)	(30,017)	(39,940)
Gross profit	172,072	263,639	387,194	150,586	209,276
Research and development expenses	(34,820)	(36,061)	(67,525)	(17,416)	(22,513)
Distribution and selling expenses	(46,848)	(93,100)	(165,682)	(56,537)	(83,323)
Administrative expenses	(10,052)	(14,197)	(20,961)	(5,241)	(7,688)
Finance costs	(24,733)	(7,748)	(7,221)	(2,976)	(2,249)
Other income, expense, gains and losses, net	18,145	20,280	31,023	2,958	12,111
Listing expenses	–	–	(7,834)	–	(2,148)
Profit before tax	73,764	132,813	148,994	71,374	103,466
Income tax expense	(4,783)	(15,359)	(12,915)	(8,407)	(13,257)
Profit for the year/period	68,981	117,454	136,079	62,967	90,209

In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue amounted to RMB212.5 million, RMB316.6 million, RMB466.7 million and RMB249.2 million, respectively. During the Track Record Period, we generated a substantial part of our revenue from sales of pharmaceutical products, and to a lesser extent, from our offering of R&D services to pharmaceutical companies for their drug candidates. For details of our offering of R&D services, see "Business — Research and Development — Our Offering of R&D Services" in this prospectus. During the Track Record Period, all of our revenue were generated in China. For details of the fluctuations of key financial items set forth in our consolidated statements of profit or loss during the Track Record Period, see "Financial Information — Year to Year Comparison of Results of Operations" in this prospectus.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position for years/period indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Total non-current assets	70,787	227,711	409,561	439,418
Total current assets	350,173	333,833	346,258	382,502
Total assets	**420,960**	**561,544**	**755,819**	**821,920**
Total current liabilities	90,085	117,044	182,073	162,932
Total non-current liabilities	43,094	39,253	32,419	27,452
Total liabilities	**133,179**	**156,297**	**214,492**	**190,384**
Net current assets	**260,088**	**216,789**	**164,185**	**219,570**
Total equity	**287,781**	**405,247**	**541,327**	**631,536**

Our net current assets increased from RMB164.2 million as of December 31, 2024 to RMB219.6 million as of May 31, 2025, primarily attributable to an increase in short-term fixed deposits of RMB15.0 million because of the maturity of a principal and interest guaranteed wealth management product, a decrease in bank and other borrowings of RMB13.2 million as we settled our bank and other borrowings, and an increase in cash and cash equivalents of RMB8.0 million as a result of higher cash inflows from our sales revenue. Our net current assets decreased from RMB216.8 million as of December 31, 2023 to RMB164.2 million as of December 31, 2024, primarily attributable to a decrease in cash and cash equivalents of RMB216.0 million as we utilized cash to purchase wealth management product, and an increase in trade and other payables of RMB38.6 million mainly resulted from increased CMO costs and raw material costs which were in line with our increased sales in 2024 and partially offset by an increase in trade and other receivables of RMB3.2 million mainly resulted from increase in financial instrument at FVTPL of RMB235.0 million in connection with the wealth management product we purchased. Our net current assets decreased from RMB260.1 million as of December 31, 2022 to RMB216.8 million as of December 31, 2023, primarily attributable to a decrease in short-term fixed deposits of RMB100.1 million, an increase in trade and other payables of RMB67.0 million primarily due to increase in payables from marketing and promotion expenses driven by our continuous marketing efforts, a decrease in bank and other borrowings of RMB38.8 million mainly due to termination of our payment obligation in terms of revenue fromsales since our repurchase of sharing rights from our collaborative partner in relation

to Ruiantuo (瑞安妥®) in 2022, and a decrease in financial instrument at FVTPL of RMB20.3 million due to redemption of wealth management product and partially offset by an increase in cash and cash equivalents of RMB82.8 million. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of the Financial Position — Financial Instrument at Fair Value through Profit or Loss ("**FVTPL**")" in this prospectus for details of our considerations for purchase and disposal of wealth management products.

We had net assets of RMB287.8 million, RMB405.2 million, RMB541.3 million and RMB631.5 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. The increase in our net assets in 2022 was primarily due to (i) capital injection by shareholders of RMB157.6 million, and (ii) profit and total comprehensive income for the year of RMB69.0 million. The increase in our net assets in 2023 was primarily due to profit and total comprehensive income for the year of RMB117.5 million. The increase in our net assets in 2024 was primarily due to profit and total comprehensive income for the year of RMB136.1 million. The increase in our net assets in the five months ended May 31, 2025 was primarily due to profit and total comprehensive income for the period of RMB90.2 million. See the Accountants' Report set out in Appendix I to this prospectus for a detailed description of our statements of changes in equity.

For details of fluctuations of key financial items set forth in our consolidated statements of financial position during the Track Record Period, see "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position" in this prospectus.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
Net cash flows generated from operating activities	85,310	147,106	163,942	92,641	80,135
Net cash flows used in investing activities	(53,757)	(12,770)	(378,716)	(234,537)	(56,543)
Net cash flows generated from/(used in) financing activities	133,129	(51,489)	(1,268)	(10,816)	(15,615)
Cash and cash equivalents at the end of the year/period	171,477	254,324	38,282	101,612	46,259

During the Track Record Period, we derived our cash inflow from operating activities primarily through the sales of pharmaceutical goods, while cash outflow from operating activities primarily comprised payments for purchases of raw materials, outsourcing fees, research and development expenses, distribution and selling expenses, administrative expenses and income tax. Our cash generated from operating activities reflects our profit before tax, adjusted for non-cash and non-operating items, such as interest expenses, depreciation of property, plant and equipment, and depreciation of right-of-use assets, and the changes in working capital, such as increases or decreases in inventories, trade and other receivables, trade and other payables and contract liabilities. For details of fluctuations of key financial items set forth in our consolidated statements of cash flows during the Track Record Period, see "Financial Information Discussion of Selected Items from the Consolidated Statements of Cash Flows" in this prospectus.

Key Financial Ratios

The following table sets forth certain of our key financial ratios for the years/period indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
Net profit margin [(1)]	32.5%	37.1%	29.2%	36.2%
Gross profit margin [(2)]	81.0%	83.3%	83.0%	84.0%
Current ratio [(3)]	3.9	2.9	1.9	2.3
Return on equity [(4)]	39.5%	33.9%	28.8%	15.4%

Notes:

(1) Calculated based on profit for the year/period divided by revenue and multiplied by 100.0% for a given year/period.

(2) Calculated based on gross profit divided by revenue and multiplied by 100.0% for a given year/period.

(3) Calculated based on total current assets divided by total current liabilities as of the end of the respective year/period.

(4) Calculated using net profit divided by the average of the beginning and ending balance of total equity for that year/period and multiplied by 100%.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumption that (i) the Global Offering has been completed and 11,500,000 new Shares are issued in the Global Offering, and (ii) 78,707,270 Shares are issued and outstanding upon completion of the Global Offering.

	Based on an Offer Price of HK$69.88 per Offer Share	**Based on an Offer Price of HK$86.40 per Offer Share**
Market Capitalization[(1)]	HK$5,500.1 million	HK$6,800.3 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share[(2)]	HK$18.53	HK$20.87

Notes:

(1) The calculation of market capitalization is based on 78,707,270 H Shares expected to be in issue immediately following the completion of the Global Offering, including 67,207,270 H Shares to be converted from Unlisted Shares and 11,500,000 new H Shares to be issued under the Global Offering.

(2) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix II to this prospectus.

DIVIDENDS

No dividend has been proposed, paid or declared by us during the Track Record Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio. There can be no assurance that dividends of any amount will be declared or distributed in any year. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of our Shareholders.

During the Track Record Period, our earnings per share amounted to RMB1.07, RMB1.75, RMB2.02 and RMB1.34 in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$848.0 million from the Global Offering. We intend to apply such net proceeds for the purposes and in the amounts set forth below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 52.0% of the net proceeds, or HK$441.0 million, is expected to be used for continuous investment in R&D to advance the drug candidates in our pipeline and to enrich our product portfolio;

- approximately 23.0% of the net proceeds, or HK$195.0 million, is expected to be used to improve our R&D capacities and pursue collaboration opportunities;

- approximately 8.0% of the net proceeds, or HK$67.8 million, is expected to be used to enhance our commercialization capabilities and expand our market presence;

- approximately 7.0% of the net proceeds, or HK$59.4 million, is expected to be used to improve and optimize our R&D and manufacturing systems; and

- approximately 10.0% of the net proceeds, or HK$84.8 million, is expected to be used for our working capital and other general corporate purposes.

For details, see "Future Plans and Use of Proceeds" in this prospectus.

LISTING EXPENSE

Listing expenses consist of professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We expect to incur listing expenses of approximately RMB46.2 million (HK$50.6 million), comprising: (i) underwriting fees of RMB27.5 million (HK$30.1 million); and (ii) non underwriting-related expenses of RMB18.7 million (HK$20.5 million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB11.8 million (HK$12.9 million); and (b) other fees and expenses of RMB6.9 million (HK$7.6 million), based on the Offer Price of HK$78.14 per Offer Share (being the mid-point of the Offer Price range), approximately RMB19.7 million (HK$21.6 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB26.5 million (HK$29.1 million) of which is expected to be deducted from equity upon completion of the Global Offering. The listing expenses are expected to represent approximately 5.6% of the gross proceeds of the Global Offering, assuming an Offer Price of HK$78.14 per Offer Share (being the mid-point of the indicative Offer Price range). The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations for the year ended December 31, 2025.

RECENT DEVELOPMENT

In December 2024, Saixifu (赛西福®), our generic of hydroxychloroquine sulfate tablets, was selected in the Tenth National VBP Scheme. In January 2025, we submitted an IND application for an innovative drug candidate HX056 indicated for wet age-related macular degeneration to the NMPA, and received the IND approval from the NMPA in April 2025. We initiated the Phase I clinical trial in June 2025 and are actively recruiting patients at the current stage. We expect to complete it by the end of 2025.

We are constructing our own manufacturing facility in Changle, Fuzhou with a total GFA of around 90,000 sq.m. We have obtained the Drug Manufacturing License issued by Fujian Medical Products Administration in December 2024. We completed the installation of production lines for oral solid dosage production with designed annual production capacity of 2.0 billion tablets and capsules, and have completed the construction of the manufacturing facility in the first half of 2025. We plan to put it into use by the end of 2025. As of the Latest Practicable Date, the Changle Facility was in the process validation stage. In the facility, we plan to manufacture drugs within all the therapeutic areas covered by our current generic drug portfolio, comprising drug therapies for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases. By the end of 2025, we expect to establish our in-house production lines for Anbili (安必力®), Haihuitong (海慧通®) and several other drug products with all required approvals obtained.

To support our growth, we also expanded our workforce in the second quarter of 2025 with strategic hires including production and R&D functions.

IMPACT OF THE COVID-19 OUTBREAK

As of the Latest Practicable Date, the outbreak of COVID-19 had not had any material adverse impact on our business operation or financial performance, because we did not experience any major delay or disruption to our operations during that period. Specifically, the production or the product delivery schedules of our CMOs were executed without any material delays or disruptions caused by the COVID-19 pandemic. Furthermore, our financial performance demonstrated consistent growth throughout the Track Record Period, with year-on-year increases in revenue, gross profit, and net income. In addition, the R&D progress of our drug products or drug candidates was not materially impacted by the outbreak of COVID-19. Given that the PRC government has substantially lifted its COVID-19 prevention and control policies since December 2022, our Directors are of the view that it is unlikely that the COVID-19 will have a material adverse impact on our business going forward.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since May 31, 2025, and there is no event since May 31, 2025 that would materially affect the information in the Accountants' Report as set out in Appendix I of this prospectus, and no material unexpected or adverse changes have occurred since the date of the issue of the relevant regulatory approvals for our drug products and drug candidates.

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

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AIC"	Administration of Industry & Commerce (工商行政管理機關) of the PRC (currently known as the Administration for Market Regulation (市場監督管理局)) or, where the context so requires, the State Administration for Industry & Commerce of the PRC (中華人民共和國工商行政管理總局) or its delegated authority at the provincial, municipal or other local level
"Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix VI
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	our board of Directors
"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
"CAGR"	compound annual growth rate
"Capital Market Intermediary(ies)"	the capital market intermediary(ies) participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Changle Facility"	our manufacturing facility located at Changle District, Fuzhou, Fujian Province
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CIC"	China Insights Industry Consultancy Limited
"CIC Report"	the industry report which we commissioned CIC to prepare
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"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"	Fujian Haixi Pharmaceuticals Co., Ltd. (福建海西新藥創制股份有限公司), a limited liability company incorporated in the PRC on March 27, 2012 and converted into a joint stock company with limited liability on November 15, 2022
"Compliance Advisor"	Orient Capital (Hong Kong) Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Dr. Kang, Ms. Feng and Tairuihe Investment

"Conversion of Unlisted Shares into H Shares"	the conversion of 67,207,270 Unlisted Shares into H Shares on a one-for-one basis upon the completion of Global Offering. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on June 25, 2025 and an application for H Shares to be listed on the Stock Exchange has been made to the Stock Exchange
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Datong Capital"	Fujian Datong Venture Capital Co., Ltd.* (福建省大同創業投資有限公司), a limited liability company established in the PRC on July 20, 2009 and one of our former Shareholders
"Director(s)" or "our Director(s)"	director(s) of our Company
"Dr. Kang"	Dr. Kang Xinshan (康心汕), the chairman of the Board, an executive Director and the general manager, and one of our Controlling Shareholders upon Listing
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time
"Exchange Participant"	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

"FINI"	Fast Interface for New Issuance, an online platform operated by HKSCC
"Fujian Pharmaceutical Group"	Fujian Pharmaceutical Group Co., Ltd.* (福建省醫藥集團有限責任公司), a limited liability company established in the PRC on January 4, 2001 and one of our Shareholders
"Fujian SASAC"	Fujian State-owned Assets Supervision and Administration Commission (福建省人民政府國有資產監督管理委員會)
"Fuzhou Capital"	Fuzhou Venture Capital Co., Ltd.* (福州市創業投資有限責任公司), a limited liability company established in the PRC on December 30, 2013 and one of our Shareholders
"Fuzhou Investment"	Fuzhou Investment Management Co., Ltd.* (福州市投資管理有限公司) (previously known as Fuzhou Investment Management Company* (福州市投資管理公司)), a limited liability company established in the PRC on August 15, 1986 and one of our former Shareholders
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we" or "us"	our Company and its subsidiaries or, where the context so requires (i) in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time and (ii) where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024
"H Share Registrar"	Tricor Investor Services Limited

"H Share(s)"	Shares of the Company which an application has been made for listing and permission to trade on the Stock Exchange with nominal value of RMB1.0 each
"Haixi Fuzhou"	Haixi New Drug Creation (Fuzhou) Co., Ltd.* (海西新藥創制(福州)有限公司), a limited liability company established in the PRC on June 30, 2022 and a wholly-owned subsidiary of our Company
"HK$" or "Hong Kong Dollars" or "HK Dollars" and "HK cents"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited
"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 1,150,000 H Shares (subject to reallocation) being offered by our Company for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering for subscription of the Hong Kong Offer Shares (subject to adjustment) by the public in Hong Kong at the Offer Price and on, subject to, the terms and conditions described in this prospectus as further described in "Structure of the Global Offering — Hong Kong Public Offering"
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 8, 2025 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Controlling Shareholders, the Overall Coordinators and the Hong Kong Underwriters, as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"Hongpan Investment"	Xinyu Hongpan Equity Investment Partnership Enterprise (Limited Partnership)* (新余鴻磐股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 26, 2021 and one of our Pre-IPO Investors
"Hongrang Investment"	Xinyu Hongrang Investment Management Partnership Enterprise (Limited Partnership)* (新余鴻壤投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 3, 2016 and one of our Pre-IPO Investors
"Huaqiao Industrial"	Fujian Huaqiao Industrial Group Co., Ltd.* (福建省華僑實業集團有限責任公司), a limited liability company established in the PRC on August 10, 1993 and one of our former Shareholders
"Huaxing Venture"	Fujian Huaxing Venture Investment Co., Ltd.* (福建華興創業投資有限公司), a limited liability company established in the PRC on December 26, 2000 and one of our Shareholders

"Huaxinyue Investment"	Xiamen Huaxinyue Investment Partnership Enterprise (Limited Partnership)* (廈門華鑫悦投資合夥企業(有限合夥)) (previously known as Xiamen Huaantai Investment Management Partnership Enterprise (Limited Partnership)* 廈門華安泰投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on January 23, 2017 and one of our Pre-IPO Investors
"Huifu Chuangjing"	Zibo Huifu Chuangjing Equity Investment Partnership Enterprise (Limited Partnership)* (淄博匯富創景股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 21, 2021 and one of our Pre-IPO Investors
"IFRS" or "IFRSs"	IFRS Accounting Standards, as issued by the International Accounting Standards Board
"IIT Law"	the Implementation Provisions of the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法實施條例), as amended, supplemented or otherwise modified from time to time
"Independent Third Party(ies)"	a person or entity which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
"International Offer Shares"	The 10,350,000 H Shares initially offered by our Company for subscription under the International Offering (subject to reallocation) as described in "Structure of the Global Offering"
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price, outside the United States in offshore transactions in accordance with Regulation S, as further described in the section headed "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or about October 15, 2025 by, among others, the Overall Coordinators, the International Underwriters, the Company and our Controlling Shareholders in respect of the International Offering, as further described in "Underwriting — Underwriting Arrangements and Expenses — International Offering"

"Jindonghong Capital"	Xiamen Jindonghong Venture Capital Partnership (Limited Partnership)* (廈門金東泓創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 15, 2022 and one of our Pre-IPO Investors
"Jindongshi Capital"	Xiamen Jindongshi Venture Capital Partnership Enterprise (Limited Partnership)* (廈門金東石創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 11, 2020 and one of our Pre-IPO Investors
"Joint Bookrunners"	Huatai Financial Holdings (Hong Kong) Limited, CMB International Capital Limited and SDICS International Securities (Hong Kong) Limited
"Joint Global Coordinators"	Huatai Financial Holdings (Hong Kong) Limited, CMB International Capital Limited and SDICS International Securities (Hong Kong) Limited
"Joint Lead Managers"	Huatai Financial Holdings (Hong Kong) Limited, CMB International Capital Limited and SDICS International Securities (Hong Kong) Limited
"Joint Sponsors" or "Sponsor-Overall Coordinators"	Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited
"Latest Practicable Date"	September 30, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of our H Shares on the main board of the Stock Exchange
"Listing Committee"	the listing sub-committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about October 17, 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of the Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Mechanism B"	the offering mechanism under which a minimum initial allocation of 10% of shares offered in an IPO to the public subscription tranche with no clawback mechanism under paragraph 4.2(b) of Practice Note 18 of the Listing Rules
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM" or "Ministry of Commerce"	Ministry of Commerce (中華人民共和國商務部)
"Ms. Feng"	Ms. Feng Yan, the spouse of Dr. Kang, an executive Director and a deputy general manager, and one of our Controlling Shareholders upon Listing
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, Stock Exchange trading fee of 0.00565%, SFC transaction levy of 0.0027% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and which will be determined in the manner as further described in "Structure of the Global Offering"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, collectively
"Overall Coordinators"	Huatai Financial Holdings (Hong Kong) Limited, CMB International Capital Limited and SDICS International Securities (Hong Kong) Limited
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time

"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Governmental Body"	has the meaning ascribed thereto under the Listing Rules
"PRC Legal Advisor(s)"	Each of Beijing DeHeng Law Offices and Jingtian & Gongcheng, our legal advisor(s) as to PRC laws
"Pre-IPO Investments"	the investor(s) making investments in our Group prior to this initial public offering as set out in "History, Development, and Corporate Structure — Pre-IPO Investments"
"Pre-IPO Investors"	the investor(s) of the Pre-IPO Investments
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Price Determination Agreement"	the agreement to be entered into between our Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around October 15, 2025 but no later than 12:00 noon on October 15, 2025, on which the Offer Price is to be determined for the purposes of the Global Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAT"	State Administration of Taxation of the PRC (中國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.0 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)" or "our Supervisor(s)"	supervisor(s) of our Company
"Supervisory Committee"	the supervisory committee of the Company
"Tairuihe Investment"	Xiamen Tairuihe Investment Partnership (Limited Partnership)* (廈門泰瑞和投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 30, 2016, one of our employee shareholding platforms and one of our Controlling Shareholders upon Listing
"Tairuihong Investment"	Xiamen Tairuihong Investment Partnership (Limited Partnership)* (廈門泰瑞泓投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 15, 2022 and one of our employee shareholding platforms
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising financial years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Shares"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi and are unlisted Shares not currently listed or traded on any stock exchange
"U.S. Securities Act"	the US Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States
"WHO"	World Health Organization
"Xinrui Investment"	Ningbo Free Trade Zone Xinrui Investment Partnership Enterprise (Limited Partnership)* (寧波保稅區歆睿投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 26, 2018 and one of our Pre-IPO Investors
"Zhanhongda Investment"	Xiamen Zhanhongda Investment Partnership (Limited Partnership)* (廈門展鴻達投資合夥企業(有限合夥)) (previously known as Xiamen Zhanhongda Investment Management Partnership (Limited Partnership)* (廈門展鴻達投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 14, 2016 and one of our Pre-IPO Investors
"%"	per cent

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

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.

"5-HT"	5-hydroxytryptamine
"5-HT3"	5-hydroxytryptamine receptor 3, a type of receptor for serotonin that is found in the central and peripheral nervous systems
"5-HT4"	5-hydroxytryptamine receptor 4, a type of receptor for serotonin that is found in the central and peripheral nervous systems
"ADC"	antibody-drug conjugate
"AEs"	adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"agonist"	a molecule that binds to a receptor on a cell and triggers a response by that cell which can be used therapeutically to activate receptors in order to treat certain conditions
"AI"	artificial intelligence
"AMD"	age-related macular degeneration
"ANDA"	abbreviated new drug application, an application for a generic drug to an approved drug in China
"anti-PD-1 mAbs"	anti-PD-1 monoclonal antibodies
"API"	active pharmaceutical ingredient, the substance in a pharmaceutical drug that is biologically active
"assay"	an analysis done to determine (1) the presence of a substance and the amount of that substance and (2) the biological or pharmacological potency of a drug
"AUC"	area under curve, a parameter of systemic exposure
"BC"	breast cancer

"BDC"	bile duct-cannulated
"BE study"	bioequivalence study, a type of evaluation to determine whether a generic drug is equivalent to an original drug in terms of biochemical similarity
"BID"	twice daily
"bioavailability"	the fraction of an administered dose of drug that reaches the systemic circulation, which is one of the principal pharmacokinetic properties of drugs
"biological drug" or "biologics"	a drug product derived from human, animal, or microorganisms using biotechnology
"biosimilar"	the generic version of a patented biological drug
"BLA"	biologics license application
"BRCA"	breast cancer susceptibility gene, of which there are two (BRCA1 and BRCA2). BRCA proteins are key components of homologous recombination DNA repair pathway. BRCA deleterious mutations are associated with breast cancers, ovarian cancers, etc.
"CAD"	coronary artery disease
"CAHD"	coronary atherosclerotic heart disease
"carcinoma"	a cancer that begins in the lining layer (epithelial cells) of organs
"CaSR"	calcium-sensing receptor
"CDE"	Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
"CDMO(s)"	contract development and manufacturing organization(s), a company that provides support to the pharmaceutical industry by providing development and manufacturing services outsourced on a contract basis

"centralized tender"	a procurement process in the form of public tender operated and organized by provincial or municipal government agencies for the procurement of drugs and medical devices by the public medical institutions, the bids of which will be assessed by a committee composed of pharmaceutical and medical experts based on a number of factors, including but not limited to, bid price, product quality, clinical effectiveness, product safety, qualifications and reputation of the manufacturer, after-sale services and innovation
"cGMP"	current good manufacturing practice, containing minimum requirements for the methods, facilities, and controls used in manufacturing, processing, and packing of a drug product. The regulations make sure that a product is safe for use, and that it has the ingredients and strength it claims to have
"CHD"	coronary heart disease
"checkpoint inhibitors"	molecules that release the natural brakes which exist to control an immune response
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"Cmax"	the highest concentration of a drug in the blood, cerebrospinal fluid, or target organ after a dose is given and before a second dose is given
"CMC"	chemistry, manufacturing, and controls
"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
"CNV"	choroidal neovascularization
"combination therapy"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease

"CR"	complete response
"CRC"	colorectal cancer
"CRO"	contract research organization, a company that provides a range of professional research services on a contract basis
"CSF-1R"	colony-stimulating factor 1 receptor
"DCR"	disease control rate
"DDR1"	discoidin domain receptor 1
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
"DME"	diabetic macular edema
"DNA"	deoxyribonucleic acid
"DOR"	duration of response, the length of time that a tumor continues to respond to treatment without the cancer growing or spreading
"DR"	diabetic retinopathy
"ESG"	environmental, social and governance; a collection of corporate performance evaluation criteria that assess the robustness of a company's governance mechanisms and its ability to effectively manage its environmental and social impacts
"excipient"	an inactive substance formulated alongside the active ingredient of a medication, used to bulk up formulations that contain potent active ingredients
"FDA"	U.S. Food and Drug Administration
"FGFR"	fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors
"FGID"	functional gastrointestinal disorders

"first-to-market"	first to receive ANDA approval
"GCP"	good clinical practice
"generic pharmaceutical" or "generic drug"	a pharmaceutical that contains the same active ingredients as an original formulation and is comparable in dosage form, strength, quality, performance and intended use
"GERD"	gastroesophageal reflux disease
"GLP"	good laboratory practice
"GMP"	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of products
"GSP"	good supply practice, guidelines and regulations from time to time issued pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) to provide quality assurance and ensure that pharmaceutical distribution enterprises distribute pharmaceutical products in compliance with the guidelines and regulations
"HER2"	human epidermal growth factor receptor 2
"hERG"	human ether-a-go-go-related gene, a gene (KCNH2) that codes for a protein known as Kv11.1, the alpha subunit of a potassium ion channel
"HVAC"	heating, ventilation and air-conditioning
"IC50"	half maximal inhibition, a measure of the potency of a substance in inhibiting a specific biological or biochemical function
"ICR"	Institute of Cancer Research
"idiopathic"	a term used to describe a disease or condition that arises spontaneously or for which the cause is unknown

"IL"	interleukin, a type of cytokine that are expressed and secreted by white blood cells (leukocytes) and various other cells within the body
"IL-34"	interleukin 34
"immuno-oncology"	a type of immunotherapy that is specifically targeted to fight cancer
"immunotherapy"	use of the immune system to treat disease
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"innovative drug"	a medicine that contains an active substance or combination of active substances that has not been marketed in China and overseas
"intravenous administration"	a method of delivering medication or fluids directly into the bloodstream through a vein
"IP"	intellectual property
"IPF"	idiopathic pulmonary fibrosis
"IVIVC"	in vitro-in vivo correlation
"KDR"	kinase insert domain receptor
"kinase"	a type of enzyme that catalyzes the transfer of phosphate groups from high-energy, phosphate-donating molecules to specific substrates. The protein kinases make up the majority of all kinases. Protein kinases act on proteins, phosphorylating them on their serine, threonine, tyrosine, or histidine residues. These kinases play a major role in protein and enzyme regulation as well as signaling in the cell
"mAbs"	monoclonal antibodies
"MAH"	Marketing Authorisation Holder, an entity that has been granted market authorization to market a specific medicinal product by National Medical Products Administration (國家藥品監督管理局)

"medical device"	instrument, apparatus, implement, machine, implant, *in vitro* reagent, or other similar or related article intended for the diagnosis, prevention, monitoring, treatment, or alleviation of disease
"metabolic disease"	a medical condition that occurs when the normal metabolism reactions of a patient are disrupted, affecting how the patient's body processes and distributes macronutrients like proteins, fats, and carbohydrates
"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
"MOA"	mechanism of action, the specific biochemical interaction through which a drug substance produces its pharmacological effect
"monoclonal antibody"	an antibody produced from a cell lineage made by cloning a unique white blood cell
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"mTOR"	the mammalian target of rapamycin, which coordinates eukaryotic cell growth and metabolism with environmental inputs including nutrients and growth factors
"NDA"	New Drug Application, the formal proposal to apply for the approval a new pharmaceutical for sale and marketing
"NE"	Norepinephrine
"NEDL"	China's National Essential Drug List

"NHC"	National Health Commission (國家衛生健康委員會) of the PRC, formerly known as the National Health and Family Planning Commission (國家衛生和計劃生育委員會) ("**NHFPC**") of the PRC
"NHSA"	National Healthcare Security Administration (國家醫療保障局)
"NMPA"	National Medical Products Administration (國家藥品監督管理局), the Chinese regulatory body responsible for the supervision and administration of pharmaceuticals, medical devices, and cosmetics in China
"NRDL"	China's National Reimbursement Drug List
"originator product"	the original pharmaceutical drug that has been authorized for market after having proven its safety, efficacy, and quality through extensive research, including preclinical and clinical studies
"ORR"	objective response rate
"OS" or "overall survival"	the time from randomization to death from any cause
"OSD"	oral solid dosage
"PCV"	polypoidal choroidal vasculopathy
"PD-1"	programmed death-1, an immune checkpoint receptor expressed on T cells, B cells and macrophages, acting to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body
"PDT"	photodynamic therapy
"P-gp"	P-glycoprotein
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetics, 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
"Phase I trial"	an initial clinical study conducted to evaluate the safety, tolerability, pharmacokinetics, and pharmacodynamics of a candidate drug or treatment in a small group of participants
"Phase II trial"	a clinical study designed to evaluate the efficacy, optimal dosing, and safety of a candidate drug or treatment in a targeted patient population
"Phase III trial"	a pivotal, large-scale study designed to evaluate the efficacy and monitor adverse reactions in diverse patient populations of a candidate drug or treatment to confirm its safety and effectiveness before regulatory approval
"PR"	partial response or partial response rate
"pre-clinical studies"	pre-clinical 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 without the disease getting worse
"PROTAC"	proteolysis targeting chimeras
"PTH"	parathyroid hormone
"QD"	once daily
"R&D"	research and development
"receptor"	a protein molecule usually found on the surface of a cell that receives chemical signals from outside the cell
"registrational trial"	large confirmatory studies meant to establish an acceptable benefit/safety profile in order to gain regulatory approval for a precisely defined indication

"relapsed"	the return of a disease or the signs and symptoms of a disease after a period of improvement
"RP2D"	recommended Phase II dose
"SD"	stable disease, disease that is neither decreasing nor increasing in extent or severity
"serotonin"	a neurotransmitter that has a wide array of functions in the human body that is linked to the feeling of nausea
"SHPT"	secondary hyperparathyroidism
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas
"T1DM"	type 1 diabetes mellitus, an autoimmune disease that originates when cells that make insulin are destroyed by the immune system
"TAMs"	tumor-associated macrophages
"T-cell"	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response. T-cells can be distinguished from other lymphocytes, such as B-cells and NK cells, by the presence of a T-cell receptor on the cell surface
"TCM"	traditional Chinese medicine
"TGCT"	tenosynovial giant cell tumor
"TNBC"	triple-negative breast cancer
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals
"trAE"	treatment-related adverse event, undesirable events not present prior to medical treatment or an already present event that worsens in intensity or frequency following the treatment
"VEGFR2"	vascular endothelial growth factor receptor 2

"volume-based procurement scheme" or "VBP scheme"	a set of drug and medical device procurement regulations implemented in China. The VBP scheme aims to achieve a lower price of pharmaceuticals and medical devices center on medical products with mature, high-volume clinical usage and sufficient market competition through a competitive bidding process for large-volume procurement. VBP scheme has been rolled out at both national and provincial levels
"wAMD"	wet age-related macular degeneration, the wet form of age related macular degeneration, a retinal disease caused by abnormal growth of blood vessels under the retina, which leak fluid into the retina

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

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

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

- our ability to retain senior management and key personnel and recruit qualified staff;

- our business strategies and plans to achieve these strategies, including our drug development plans, commercialization strategies and geographic expansion plans; and

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

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

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

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

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

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

RISKS RELATING TO OUR INDUSTRY AND SALES OF OUR PRODUCTS

Our products may be subject to price restrictions such as volume-based procurement (the "VBP") and may continue to experience downward pressure on product prices in China.

PRC government authorities may reform the schemes of pricing control and statutory tender processes for pharmaceutical products or revise other policies affecting prices of pharmaceutical products over time. In November 2018, the Joint Procurement Office led by the State Administration for Medical Insurance published the "Papers on Centralized Drug Procurement in "4+7" Cities" (《4+7城市藥品集中採購文件》) (the "**Paper**"), which launched the national pilot scheme for centralized VBP. The Papers listed 31 drugs for this pilot scheme together with an intended volume commitment for each drug. The manufacturers and importers of the drugs are invited to bid to supply the drugs to public medical institutions in the "4+7" cities. The move is aimed at reducing drug prices and may potentially impact how drugs are priced and procured in China. On January 1, 2019, the General Office of the State Council also published the "Notice of Issuing Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State" (the "**Notice**") (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》). The Notice provides additional detailed measures in the implementation of the national pilot scheme for centralized VBP in the "4+7" cities. In November 2024, the Joint Procurement Office published the "Papers on Centralized Drug Procurement Nationwide" (《全國藥品集中採購文件》), listing 62 drugs for centralized procurement together with an intended volume commitment for each drug. For details, see "Regulatory Overview — Regulations and Policies on New Drugs — The Drug Centralized Procurement in "4+7 Cities" and Nationwide" in this prospectus.

As of the Latest Practicable Date, we won the bids to supply eight of our products, including Anbili (安必力®), Ruiantuo (瑞安妥®), Haihuitong (海慧通®), Haibiping (海必平®), Haikexi (海可喜®), Anyoufan (安优凡®), Saixifu (赛西福®) and Anliding (安立定®), to public medical institutions nationally at discounted prices under relevant VBP scheme. This mechanism operates on the principle of purchasing larger quantities of pharmaceutical products at lower prices. As a result, it exerts downward pressure on the prices at which we sell our products to our distributors, thus impacting our gross profits

and gross profit margins. The future drug coverage of centralized VBP schemes is subject to change. As a result, there can be no assurance that we may have additional drugs added to such schemes in the future, which may result in increased pricing pressure on us and adversely affect our revenue and profitability. If our competitors win the bid in such schemes while we fail to do so for our products with the same generic names, demands for our products may decrease and our revenue, profitability and market share could be adversely affected. Moreover, even if we win the bid for our products, there may be discrepancies between the estimated procurement volumes set out in the tender documents and the actual procurement volumes. Consequently, our sales volume as well as the revenue of the winning products are subject to the then effective centralized VBP schemes. According to CIC, for newly marketed drug products which have not established a substantial market base, initial inclusion in centralized procurement programs typically drives rapid expansion in both revenue and sales volume in the first few years. Subsequently, growth momentum moderates gradually, resulting in relatively stable sales and revenue performance thereafter. Any future changes of policies, which we may not be able to predict or control, could adversely affecting our product pricing, and accordingly, revenue and profitability.

If our products are excluded or removed from national, provincial or other government-sponsored medical insurance programs, or are included in any national or provincial negative catalogs, our sales, profitability and business prospects could be materially and adversely affected.

Under medical insurance programs in the PRC, patients are entitled to full or partial reimbursement of costs for pharmaceutical products listed in the National Reimbursement Drug List (the "**NRDL**") or relevant provincial medical insurance catalogs, or included in provincial insurance schemes regarding special medications for the treatment of major diseases, or other medical insurance reimbursement lists. The inclusion or exclusion of a pharmaceutical product in or from any of such medical insurance catalogs, or any limitation imposed on the coverage of a pharmaceutical product, will significantly affect the demand for such product in the PRC. As of the Latest Practicable Date, all of our marketed drug products have been included in the NRDL.

The selection of pharmaceutical products for listing in medical insurance catalogs is based on a variety of factors, including clinical needs, frequency of use, effectiveness, safety and price, many of which are outside our control. Moreover, the relevant government authorities may also, from time to time, review and revise, or change the scope of reimbursement for, the products that are already listed in any medical insurance catalog. There can be no assurance that any of our products currently listed in these medical insurance catalogs will remain listed, or that changes in the scope of reimbursement will not negatively affect our products. If any of our products or their indications are removed from any medical insurance catalog, or if the scope of reimbursement is reduced, demand for our products may decrease and our revenue and profitability could be adversely affected. Furthermore, if we are unable to get new products listed in these medical insurance catalogs, our business prospects could be adversely affected.

In addition, the National Health Commission (國家衛生健康委員會, the "**NHC**") and National Administration of Traditional Chinese Medicine (國家中醫藥管理局) jointly issued the "First Batch of National Key Drug List for Monitoring and Prescription Control (Chemical and Biological Products)" (《第一批國家重點監控合理用藥藥品目錄(化藥和生物製品)》) and the "Second Batch of National Key Drug List for Monitoring and Prescription Control (Chemical and Biological Products)" (《第二批國家重點監控合理用藥藥品目錄(化藥和生物製品)》) (the "**Control Lists**") in June 2019 and January 2023, respectively, which requires medical institutions to strictly monitor and control the clinical use of pharmaceuticals included therein, therefore significantly decreasing physicians' capability as well as willingness to prescribe the relevant pharmaceuticals. There can be no assurance that similar catalogs will be issued at national or provincial level, nor can we predict future pharmaceutical coverage of such catalogs. If any of our products are included in such negative catalogs, demand for our products may decrease and our revenue and profitability could be adversely affected.

If we are unable to be selected in tender processes to sell our products to PRC public hospitals and other medical institutions, we may lose market share and our revenue and profitability could be materially and adversely affected.

The majority of our products we sell to our distributors are then sold to public hospitals and other medical institutions owned or controlled by government authorities in China. Each of these institutions must generally procure pharmaceuticals through a centralized pharmaceutical procurement platform organized by local government authorities, and source substantially all of their pharmaceuticals through a centralized tender process. We and our competitors submit bids in such tender process to supply pharmaceutical products to these institutions at specified prices. The relevant government authorities evaluate these bids based on a number of criteria, such as bidding price, product quality, clinical effectiveness and reputation and after-sales service of the manufacturers. If we are selected in the tender process, the relevant products will be sold to the public hospitals and other medical institutions at the bid prices through our distributors, which is the primary determinant of the prices at which we sell these products to our distributors.

However, our sales volumes and profitability depend on our ability to successfully differentiate our products and price of our bids in a manner that enables us to succeed in the centralized tender processes without compromising our profitability. If we are unable to differentiate our products or are otherwise not successful in winning bids in the centralized tender processes at profitable prices, our market share, results of operations and profitability could be adversely affected. Potential changes in regulations of provincial and municipal tender processes may further increase the public medical institution procurement covered through the tender processes and limit the profits available to pharmaceutical companies, which may further affect our operations, revenue and profitability.

We may fail to win bids in a tender process due to various factors, including reduced demand for the relevant product, uncompetitive bidding price, failure to meet certain quality requirements, insufficient service quality to meet tender requirements, perception that our product is less clinically effective than competing products or our service or other aspects of our operations are less competitive. If our products are not selected in the tender processes in one or more regions, we will be unable to sell these products to the public hospitals and other medical institutions in those regions, and our market share, revenue and profitability could be adversely affected.

We face significant competition in the pharmaceuticals industry. If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

We operate in a highly competitive environment and we may not be able to compete effectively against current and future competitors. Our inability to compete effectively could result in decrease of sales, reduction of price and loss of market share, any of which could have a material adverse effect on our results of operations and profit margins.

During the Track Record Period, substantially all of our revenue was and is expected to be derived from the sale of generic drugs. Nevertheless, the successful development and commercialization of generic drugs may be affected by multiple factors, including but not limited to the timing of product launch, the successful negotiation of new collaboration contracts, the potential patent extension of the originator products, the rapid development in the relevant therapeutic areas and the evolvement of the competitive landscapes.

Our generic pharmaceutical products face strong competition from the originator drugs and other generic versions, which may be sold at lower prices and therefore put pricing pressure on our products. Other pharmaceutical companies may obtain the relevant production approvals to sell generic pharmaceutical products with similar formulation or production processes in China, which could subject us to additional competition and adversely affect our business and results of operations. If we fail to protect our products from competition and remain competitive, our revenue and profitability may be materially and adversely affected.

Our products may also face increased competition from substitute products manufactured by overseas pharmaceutical companies that are seeking to access or further penetrate the PRC market. To the extent that our competitors' substitute products are, or are perceived to be, more clinically or cost effective than ours, or otherwise gain wider market acceptance than any of our pharmaceutical products, this could adversely affect our sales volumes and pricing levels for the relevant products. If pharmaceutical products manufactured overseas are perceived more favorably than products manufactured domestically in the PRC, it could erode our market share and have a material and adverse impact on our results of operations and prospects.

We also engage in the research and development of innovative drugs, the competitive landscape of which is highly challenging and rapidly changing. We face competition from other pharmaceutical companies worldwide. There are a number of

large pharmaceutical that currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications for which we are developing our drug candidates. Some of these competitors have better resources and expertise than us. In particular, we face intense competition in the development of C019199, our independently discovered, next-generation drug candidate developed for adjustment of tumor immune microenvironment and for the treatment of various solid tumors in combination with other agents. In July 2020, we obtained the IND approval from the NMPA for C019199. As of the Latest Practicable Date, we had (i) completed Phase Ia clinical trials and initiated Phase Ib/II clinical trials for osteosarcoma and TGCT; and (ii) completed Phase I clinical trial and initiated Phase II clinical trial in different types of solid tumors for combination therapy with anti-PD-1 mAbs. C019199 modulates the immunosuppressive tumor microenvironment (TME) and exerts synergistic anti-tumor effects through the selective inhibition of three targets: CSF-1R, DDR1, and VEGFR2. There are numerous drug developers of each of CSF-1R, DDR1 and VEGFR2 inhibitor globally. For example, multiple companies, including large multi-national pharmaceutical companies, are also developing each of CSF-1R/DDR1/VEGFR2 inhibitor for solid tumors, including Pimicotinib, Famitinib and Merestinib. For details, see "Business — Our Product Portfolio — Our Innovative Drug Candidates — C019199" in this prospectus. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. In light of the intense competition within the potential market for CSF-1R/DDR1/VEGFR2 inhibitor, we may not be able to compete effectively and obtain substantial market share even if we successfully complete the development and commercialization of C019199. We anticipate that we will face increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunity could be reduced or even eliminated if our competitors develop and commercialize drugs that are safer, have fewer or less severe side effects, or are more effective, convenient or less expensive than any drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA, FDA, or other comparable 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 render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our drug candidates.

Mergers and acquisitions in the pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative or licensing arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

We are dependent on sales of a limited number of major products in China, which account for a substantial portion of our total revenue. If we are unable to maintain the sales volumes, pricing levels and profit margins of our such products, our revenue and profitability could be adversely affected.

During the Track Record Period, we derive our revenue primarily on the sales of Anbili (安必力®), Ruiantuo (瑞安妥®) and Haihuitong (海慧通®) in China. Revenue from the sales of these products accounted for 98.2%, 92.9%, 82.6% and 84.0% of our total revenue for the years/period ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, respectively. We expect that revenue from the sales of these products will continue to contribute a substantial portion of our revenue in the near future. If we are unable to maintain the sales volumes, pricing levels and profit margins of these products, our revenue and profitability could be adversely affected.

Many of the factors discussed in this section could adversely affect sales of our products, including, but not limited to, their exclusion or removal from the NRDL, relevant provincial medical insurance catalogs or the National Essential Drug List, competition and lack of success in the centralized tender process necessary for sales to public hospitals and other medical institutions in the PRC, pricing pressure caused by government policies and competition, market acceptance among the medical community, interruptions in the supply of raw materials, increases in the cost of raw materials, disruptions in manufacturing or distribution, issues with product quality or side effects and disputes over intellectual property rights. Moreover, we may be unable to develop or acquire new products that would diversify our business and reduce our dependence on our major products in a timely or competitive manner, or at all.

We depend on distributors for a substantial portion of our revenue and our revenue growth. We may fail to manage our distributors effectively, or maintain or renew relationships with distributors, or further expand our network of distributors.

We engage distributors to sell our products on our behalf, who are the liaison between us and our end customers to enhance our service capacity and efficiency respond to the increased customer demands as expanded by our sales network. We generally sell and deliver our pharmaceutical products to hospitals and pharmacies through distributors in China, which is in line with the market practice according to CIC. We collaborate with over 500 third-party distributors, managed by our regional managers, to ensure efficient drug distribution and effective sales strategy implementation. For details, see "Business — Sales, Marketing and Distribution — Distributors" in this prospectus. Our ability to maintain and expand our sales of pharmaceutical products partially depends on our ability to maintain an effective distributor network and ensures timely distribution of pharmaceutical products to end customers. As all of our distributors are independent third parties over whom we have limited control, we cannot assure you that our distributors will always distribute our products in an effective manner. For instance, if the distributors distribute our pharmaceutical products outside their designated distribution areas under the distribution agreements with us, the effectiveness of our distribution network could be adversely affected. In addition, we may have limited control over the ultimate sales by our distributors. We cannot assure you that they will at all times comply with our sales policies or that they will not compete with each other for market shares in respect of our pharmaceutical products.

Consistency with the industry practice, we typically entered into distribution agreements with our distributors for a prescribed term. We may not be able to renew such distribution agreements with our distributors on commercially acceptable terms or our distributors may terminate their business relationships with us for various reasons. If we are not able to seek other qualified distributors to distribute pharmaceutical products to end customers, our business, results of operations and financial conditions could be materially and adversely affected. In addition, we compete intensively for desired distributors with other leading pharmaceutical products providers that may have greater visibility, brand recognition and financial resources. Our competitors may enter into exclusive distribution agreements that restrict their distributors from selling the products on our behalf. Thus, maintaining relationships with and replacing existing distributors may be difficult and time consuming. Moreover, the implementation of the two-invoice system significantly limits the options for companies like us to use multiple tiers of distributors to reach larger geographic areas. Alterations to this regulatory framework or its enforcement could lead to unforeseen challenges, such as increased compliance requirements or adjustments in our business processes, which may adversely affect our business, results of operations and growth prospects.

Failure to achieve or maintain widespread market acceptance for our products may have an adverse impact on our operations, profitability and prospects.

The commercial success of our products, including existing or future products, is highly dependent on their continued market acceptance among healthcare practitioners, patients and others in the medical community. We believe that the market acceptance of our products depends on many factors, including:

- the perceived advantages of our products over competing products and the availability and success of competing products;
- the safety and efficacy of our products and the prevalence and severity of side effects, if any;
- the pricing and cost effectiveness of our products;
- the effectiveness of our sales and marketing efforts;
- publicity concerning our products or competing products; and
- our ability to respond to changes in needs and preferences of healthcare practitioners and patients.

In addition, market acceptance of a product is also affected by whether it is included in the NRDL or provincial medical insurance catalogs. For details, see "— If our products are excluded or removed from national, provincial or other government-sponsored medical insurance programs, or are included in any national or provincial negative catalogs, our sales, profitability and business prospects could be materially and adversely affected" in this section. If our products fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are perceived more

favorably by healthcare practitioners and patients, are more cost-effective or otherwise render our products obsolete, the demand for our products may decline and our business and profitability may be materially and adversely affected.

Furthermore, the actual market size of our product candidates may not be as large as we anticipate, influenced by various factors such as market acceptance, pricing and patient availability. The number of patients in the addressable markets may turn out to be lower than expected, or new patient identification and access may become more challenging. Any of the above unfavorably developments could adversely impact our business, financial condition and results of operations.

We are subject to legal and regulatory requirements in the PRC pharmaceutical industry as amended from time to time, and new laws, rules and regulations may adversely affect our profitability or impose additional compliance burdens on us.

The PRC pharmaceutical industry is subject to extensive government regulation and supervision as well as monitoring by various government authorities. In particular, the current regulatory framework addresses all aspects of a pharmaceutical company's operations, including approval, production, licensing, certification requirements and procedures, periodic renewal and reassessment processes, registration of new drugs, quality control, pricing of pharmaceutical products and environmental protection. There can be no assurance that the legal framework, licensing and certification requirements or enforcement trends in our industry will not change in a manner that may result in increased costs of compliance, or that we will be successful in responding to such changes. In addition, we are subject to the risk of adverse changes to favorable governmental policies from which we currently benefit, and the introduction of unfavorable governmental policies. The costs we incur to comply with these laws and regulations may materially increase our total costs and decrease our profit. Any violation of these laws, rules or regulations may result in substantial fines, criminal sanctions, revocations of operating permits, shutdown of our production facilities and obligations to take rectification measures.

For example, since July 2015, the NMPA has introduced a number of measures to deal with the drug applications backlog. On July 22, 2015, the NMPA issued the "Notice in relation to the Self-review of Clinical Trials Data of Pharmaceutical Products" (《關於開展藥物臨床試驗數據自查核查工作的公告》) (NMPA Notice No. 117 (2015)), which required applicants to self-review the clinical trials data of 1,622 listed drugs with pending applications for manufacturing or importation approval. On July 31, 2015, the NMPA issued the "Consultation on Policies in relation to Swiftly Resolving Drug Applications Backlog" (《關於徵求加快解決藥品註冊申請積壓問題的若干政策意見》) (NMPA Notice No. 140 (2015)), according to which the NMPA planned to apply stringent standards to review and approve the current drug applications. In addition, on November 11, 2015, the NMPA issued "Certain Policies in relation to the Review and Approval of Drug Applications" (《關於藥品註冊審評審批若干政策的公告》) (NMPA Notice No. 230 (2015)), which set out 10 key points to be applied in the process of reviewing and approving drug applications and clinical trials, with an emphasis on the accuracy of clinical trials data, drug effectiveness and consistency between the originator version and the generic version as demonstrated in consistency evaluations. The combination of these policies indicates that

pharmaceutical companies need to conduct self-review of their drug applications and data to determine if they meet the stringent standards set by the NMPA. Failure to meet NMPA requirements could result in the relevant applicant having to withdraw its drug application and resubmit the relevant drug application only when the NMPA requirements are met. The more stringent standards in respect of drug applications may delay our applications in relation to our future products or require us to withdraw our applications.

In February 2016, the General Office of the State Council issued the "Opinion on Conducting the Quality and Efficacy Consistency Evaluation of Generic Drugs" (《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》) (the "**February 2016 Opinion**"), which requires pharmaceutical manufacturers to evaluate the quality and efficacy of certain of their generic drugs within the prescribed time limits. Failure to timely complete such evaluation could cause previous approvals for the sale of relevant generic drugs to be revoked and make them ineligible for re-registration for sale. In August 2017, the NMPA issued the "Announcement of the China Food and Drug Administration on Relevant Matters Concerning the Quality and Efficacy Consistency Evaluation of Generic Drugs" (《國家食品藥品監督管理總局關於仿製藥質量和療效一致性評價工作有關事項的公告》) (NMPA Notice No. 100 (2017)), which sets out procedures for the application, approval, inspection and test of the consistency evaluation as required under the February 2016 Opinion. In December 2018, the NMPA issued the "Announcement on the Relevant Matters Concerning the Quality and Efficacy Consistency Evaluation of Generic Drugs" (《國家藥品監督管理局關於仿製藥質量和療效一致性評價有關事項的公告》) (NMPA Notice No. 102 (2018)) which removed the uniform timelines for the oral solid preparations of chemical generic drugs included in the National Essential Drug List (2012 Edition) to complete the consistency evaluation. Marketing authorization holders of such generic pharmaceuticals shall submit applications and conduct consistency evaluation in accordance with detailed technical requirements promulgated by the NMPA. However, the substantive and procedural requirements of the evaluation process, the interpretation of the relevant written requirements and procedures as well as associated costs, including costs in relation to conducting consistency evaluations may subject to change. If we fail to complete the evaluation for our generic drugs, we may not be able to obtain approval from NMPA for such drugs for sale, or participate in the centralized tender process. If we fail to complete the BE study, we may fail to obtain generic drugs approval, as a result of which, we cannot start production and sale of the relevant drugs. All of these may materially and adversely affect our business, financial condition, results of operations and prospects. For details, see "Regulatory Overview — Other Laws and Regulations in Relation to Medical Industry — Registration of Generic Drugs" in this prospectus.

Legal and regulatory changes may have a significant impact on the PRC pharmaceutical industry and could result in increased costs and lowered profit margins for manufacturers, distributors and retailers of pharmaceutical products. Any legal and regulatory changes could also lead to a decrease in the amounts of products purchased by our customers and/or the price of our products. We cannot assure you that we will be able to sufficiently and promptly respond to regulatory changes in the future, and such failure may have a material adverse effect on our business, financial condition, results of operations and profitability.

If we or our business partners fail to obtain, maintain or renew the necessary permits, licenses, approvals and/or qualifications for the development, production, promotion, sales and distribution of our products, our ability to conduct our business could be materially and adversely affect our business, financial condition and results of operations.

We are required to obtain, maintain and renew various permits, licenses, approvals and qualifications to develop, produce, promote and sell our products. For details, see "Business — Licenses, Permits and Certificates" Our business partners, such as suppliers, distributors, third-party promoters and CROs, on whom we may rely to develop, produce, market, sell and distribute our products, may be subject to similar requirements. We and our business partners may also be subject to regular inspections, examinations, inquiries or audits by the regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries or audits may result in the loss or non-renewal of the relevant permits, licenses and certificates. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses, approvals and qualifications may change from time to time, and there can be no assurance that we or our business partners will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licenses, approvals and qualifications. Many of such permits, licenses, approvals and qualifications are material to the operation of our business, and if we or our business partners fail to maintain or renew material permits, licenses, approvals and qualifications, our ability to conduct our business could be materially impaired.

Any changes in the standards used by governmental authorities in considering whether to renew or reassess our or our business partners' licenses, permits, approvals and qualifications, as well as enactment of any new regulations that may restrict the operation of our business, may also decrease our revenue and increase our costs, which in turn could materially and adversely affect our profitability and prospects. Furthermore, if the interpretation or implementation of existing laws and regulations change, or new regulations come into effect, requiring us or our business partners to obtain any additional permits, licenses, approvals or qualifications that were previously not required to operate our business, there can be no assurance that we or our business partners will successfully obtain such permits, licenses, approvals or qualifications.

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

We conduct our pharmaceutical-industry activities mainly in China, one of the largest pharmaceutical markets in the world. China and other jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ a broad range of strategies, including regulation of product development and approval, manufacturing, and marketing, sales and distribution of products. Evolutions and differences in these regulatory regimes could lead to an increased and costly regulatory compliance burden.

We are required to obtained and maintain certain licenses and permits for conducting our business. The process of obtaining regulatory approvals and compliance with appropriate laws, regulations and guidance requires the expenditure of substantial time and financial resources. If any regulatory authorities consider that we were operating without the requisite approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. In particular, failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications, withdrawal of an approval, license revocation; clinical hold, voluntary or mandatory product recalls, product seizures; total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution and disgorgement, or other civil or criminal penalties. Failure to comply with these laws, regulations and guidance could have a material and adverse effect on our business and prospects.

In many countries or regions where a drug is intended to be ultimately sold, including China and the U.S., the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of such drug, as well as strict rules, regulations and industry standards on how we develop such drug. For example, we may need to obtain clearance from the NMPA, the FDA or other regulatory authorities as part of an IND application to seek authorization to begin clinical trials, and file an NDA, a BLA or other similar applications to seek marketing approval. Any failure to comply with existing laws, regulations and industry standards could result in fines or other punitive actions against us, the termination of ongoing research and the disqualification of data for submission to regulatory authorities, or a ban on the future sales of our drugs, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant laws, regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

If our products cause, or are perceived to cause, severe side effects, our revenue and profitability could be materially and adversely affected.

Our products may cause undesirable or unintended side effects as a result of a number of factors, many of which are outside our control. These factors include potential side effects not revealed in clinical trials, unusual but severe side effects in isolated cases, defective products not detected by our quality control system or misuse of our products by end-users. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable.

In addition, our products may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our products cause or are perceived to have caused severe side effects, or if one or more regulators, such as the NMPA, or an international institution, such as the WHO, determines that products containing the same or similar pharmaceutical ingredients as our products' could cause or lead to severe side effects.

If our products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including:

- injury or death of patients;
- a severe decrease in the demand for, and sales of, the relevant products;
- recall or withdrawal of the relevant products;
- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and our reputation;
- stricter and more frequent regulatory inspections of our production facilities and products;
- removal of relevant products from any medical insurance catalogs, provincial lists of special medications related to the severe diseases insurance or the National Essential Drug List, as applicable;
- inability to participate in the centralized tender process; and
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties.

The occurrence of any of the above could materially and adversely affect our business, results of operations and financial condition.

We may be subject to product liability claims, which could expose us to costs and liabilities and adversely affect our operations and reputation.

The nature of our business exposes us to the risk of product liability claims that is inherent in the developing, manufacturing and marketing of pharmaceutical products in the PRC. Such claims may arise if any of the products we sell are deemed or proven to be unsafe, ineffective, defective or contaminated or if we are alleged to have engaged in practices such as improper or insufficient labeling of products or providing inadequate warnings or insufficient or misleading disclosures of side effects. Using product candidates in clinical trials also exposes us to product liability claims. There can be no assurance that we will not become subject to product liabilities claims or that we will be able to successfully defend ourselves against any such claims.

Though PRC laws and regulations currently do not require us to maintain product liability insurance, we maintain product liability insurance covering us against damages that may arise from product liability claims. If a product liability claim is brought against us, it may, regardless of merit or outcome, result in damage to our reputation, breach of contract with our customers, decreased demand for our products, costly litigation, product recalls and loss of revenue and capability to commercialize our products. If we are unable to defend ourselves against such claims in the PRC, among other things, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if the products we sell and/or promote are found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Other jurisdictions in which our products may in the future be sold, in particular in developed markets, may have similar or more onerous product liability and pharmaceutical product regulatory regimes, as well as more litigious environments that may further expose us to the risk of product liability claims. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management.

RISKS RELATING TO OUR DRUG CANDIDATES

If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing the foregoing, our business prospects could be adversely affected.

We have invested a significant portion of our efforts and capital resources in the development of our existing drug candidates, especially the innovative drugs, and we expect to incur substantial and increasing expenditures for the development and commercialization of our drug candidates in the future.

The success of our drug candidates will depend on a number of factors, including:

- favorable safety and efficacy data from our preclinical studies and clinical trials;
- sufficient resources to discover or acquire additional drug candidates and successful identification of potential drug candidates based on our research or business development methodology or search criteria and process;
- successful enrollment of patients in, and completion of, clinical trials;
- sufficient supplies of drug products that are used in our clinical trials;
- modifications to the protocols, which may delay the clinical program, regulatory approvals or commercialization, and require us to supplement, modify, or withdraw and refile our applications for regulatory approvals;

- the performance by CROs or other third parties we engage to conduct clinical trials and preclinical studies and their compliance with our protocols and applicable laws without damaging or compromising the integrity of the resulting data;

- the capabilities and competence of our collaborators;

- the success of clinical trials conducted by, or jointly with, our collaborators;

- receipt of regulatory approvals for planned clinical trials or drug registrations, manufacturing and commercialization;

- commercial manufacturing capabilities, including through the CMOs we may engage;

- successful launch of commercial sales of our drug candidates, if and when approved;

- the obtaining and maintenance of favorable reimbursement from third-party payers for drugs, if and when approved;

- competition with other drug products;

- the obtaining, maintenance and enforcement of patents, trademarks, trade secrets and other intellectual property protections and regulatory exclusivity for our drug candidates;

- successful defense against any claims brought by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party; and

- the continued acceptable safety profile of our drug candidates following regulatory approval.

Some of our drug candidates represent a novel approach to therapeutic needs compared with more commonly used modalities. Our innovative drug candidates, given their novelty and differentiated features, may carry inherent development risks that could result in delays and cost overruns in clinical development, regulatory approvals or commercialization. Furthermore, a substantial amount of education and training may need to be provided to patients and medical personnel in connection with our drug candidates, which potentially increases our sales and marketing expenses. This may have a material and adverse effect on future profits generated from our drug candidates, which in turn may materially and adversely affect our competitive position, business, financial condition and results of operations.

As of the Latest Practicable Date, all of our innovative drug candidates were in various phases of preclinical or clinical development. If we fail to achieve drug development milestones as disclosed in this prospectus, our business prospects could be adversely affected. Our costs will also increase if we experience delays in the development of drug candidates or in obtaining regulatory approvals, which could result in us having to delay or suspend the trial until sufficient funding is procured, or we would have to abandon developing of the drug candidate completely. Significant preclinical study or clinical trial delays also could allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our drug candidates. Any of the above negative developments could have a material and adverse effect on our business, financial condition and results of operations.

Pre-clinical and clinical development programs involve a lengthy and expensive process with an uncertain outcome, and results of such programs may not be predictive of future trial results.

Pre-clinical and clinical development programs are expensive and can take many years to complete, and their outcomes are inherently uncertain. As of the Latest Practicable Date, all of our innovative drug candidates were in pre-clinical or clinical development. For details, see "Business — Our Innovative Drug Candidates" in this prospectus. We may encounter unexpected difficulties while executing our drug development plans for such drug candidates and our current and future drug candidates are susceptible to the risks of failure inherent at any stage of drug development, including the occurrence of unexpected or unacceptable adverse events (the "**AEs**") or the failure to demonstrate efficacy in clinical trials.

We cannot guarantee that we will be able to realize such potential for any of our drug candidates, especially because they are still in clinical or preclinical development. Failure can occur at any time during the drug development process, which would result in a material and adverse effect on our business, financial condition and results of operations. For instance:

- regulators, ethics committees, or other designated review bodies may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including negative results or a finding that participants are being exposed to unacceptable health and safety risks;

- we may not be able to reach agreements on acceptable terms with prospective CROs and hospitals as trial centers, the terms of which can be subject to extensive negotiation;

- we may encounter various manufacturing issues, including inability to reach agreements on acceptable terms with CMOs, if any, problems with quality control, or ensuring sufficient quantities of our drug candidates for use in a clinical trial;

- subject enrolment may be insufficient or slower than we anticipate, or subjects may drop out at a higher rate than anticipated;

- patent disputes or the failure to secure patents or other intellectual property protection for our drug candidates may affect the drug development process; and

- our drug candidates may cause AEs and undesirable side effects, among other unexpected characteristics, which could result in a suspension or termination of an ongoing trial.

The results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates during later stages of clinical trials may fail to show the desired results in safety and efficacy despite having progressed through preclinical studies and initial clinical trials, and despite the level of scientific rigor in the design of such studies and trials and the adequacy of their execution. 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 differences in the size and demographics of the enrolled patients, conditions of the individual subjects and their adherence to the treatment regimen and other compounding factors, such as other medications or pre-existing medical conditions. Differences in the number of clinical trial sites and regions involved may also lead to variability between clinical trials.

Many companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results at an earlier stage. We cannot guarantee that the results from our future research and development efforts will be favorable based on currently available clinical and preclinical data, which could result in delays in the completion of clinical trials, regulatory approvals and commencement of commercialization of our drug candidates.

The market opportunities for our drug candidates may be smaller than we anticipate, which could render some drug candidates less profitable or ultimately unprofitable than expected even if commercialized.

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

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

Besides the continued clinical trials, potential approvals and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to discover or identify additional drug candidates. There can be no assurance that we will be successful in identifying new drug candidates in the future. For example, we cannot guarantee that we will successfully identify potential drug candidates as expected. Some drug candidates may be technically challenging to develop and manufacture. Drug candidates that we identify may later show side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approvals. We may pursue collaboration with third parties in the discovery and development of potential drug candidates. However, there can be no assurance that such license and collaboration will deliver the expected results.

Research programs to identify new drug candidates and to develop our drug candidates for additional indications require substantial technical, financial, and human resources. 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 and adverse effect on our business, results of operations and prospects.

We may allocate our limited resources to pursue a particular product candidate or indication and fail to capitalize on product 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 on research programs and drug candidates for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that later may prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Furthermore, if we do not accurately evaluate the commercial potential or targeted market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through licensing, collaboration or royalty arrangements in cases where it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may 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, which could materially adversely affect our future growth and prospects.

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible subjects to participate in these trials, or if there are delays in the enrollment of eligible subjects as a result of the competitive clinical enrollment environment. The inability to enroll a sufficient number of subjects who meet the applicable criteria set out in the protocol could result in significant delays in our clinical trials. In addition, some of our competitors may have ongoing

clinical trials for drug candidates that treat the same indications as our drug candidates, and subjects who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' drug candidates, which may further delay our clinical trial enrollments. Patient enrolment may also be delayed as a result of epidemics such as the COVID-19 pandemic, or similar events.

Subject enrollment for our clinical trials may be affected by a variety of factors, including but not limited to the following:

- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- severity of the disease under investigation;
- our resources to facilitate timely subject enrollment in clinical trials;
- patient referral practices of physicians;
- availability of competing therapies also undergoing clinical trials;
- our ability to obtain and maintain subject consents;
- our investigators' or clinical trial sites' efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- occurrence of natural disasters, health epidemics (including, for example, the COVID-19 pandemic), acts of war or other public events.

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

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

Adverse events ("**AEs**") and undesirable side effects caused by our drug candidates could cause us or regulatory authorities to interrupt or halt clinical trials and may result in a narrowed scope of indications, a more restrictive label, 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 particular, as is the case with other drugs treating cancers, it is likely that there may be side effects associated with the use of certain of our drug candidates. Results of trials conducted by us or by our collaboration partners with respect to our drug candidates could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated and the NMPA, the FDA or other comparable regulatory authorities could order us or our collaboration partners, 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 subject recruitment or the ability of enrolled subjects 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, if we, our collaboration partners, or others identify undesirable side effects caused by our drug candidates after they receive regulatory approval, this may lead to potentially significant negative consequences which include, but are not limited to, the following:

- regulatory authorities may withdraw their approvals of or revoke the licenses for the drug candidate;
- we, or our collaboration partners, may have to suspend marketing of the drug candidate;
- regulatory authorities may require additional warnings on the label;
- the NMPA, the FDA or a comparable regulatory authority may require the establishment of a Risk Evaluation and Mitigation Strategy ("**REMS**"), or similar strategy that may, for instance, restrict distribution of our drugs and impose burdensome implementation requirements on us;
- we, or our collaboration partners, may be required to conduct specific post-marketing studies;
- we could become subject to litigation proceedings and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

Further, combination therapy using our drug candidates together with third-party agents may involve unique AEs that could be exacerbated compared with AEs from monotherapies. Any of these events could prevent us or our collaboration partners, 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.

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 of our drug candidates or 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 use as a combination therapy. For instance, we are actively exploring the combination potential of C019199 with PD-1 monoclonal antibodies. For details, see "Business — Our Product Portfolio — Our Innovative Drug Candidates" in this prospectus. We may also seek to develop our drug candidates in combination with other drugs in the future. If the NMPA, the FDA or another comparable regulatory authority revokes its approval of such treatments or drugs 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. If safety or efficacy issues arise with such treatments or drugs that we seek to combine with our drug candidates in the future, we may experience significant regulatory delays, and we may be required to redesign or terminate the applicable clinical trials. In addition, if manufacturing or other issues result in a supply shortage of any drugs we use in combination with, we may not be able to complete clinical development of our drug candidates as a combination therapy on our current timeline or within our current budget, or at all.

In addition, we generally have no influence over the availability and pricing of such drugs. If other pharmaceutical companies discontinue these combination drugs, or if these drugs become prohibitively expensive, regimens that use these combination drugs may no longer be prescribed, and we may not be able to introduce or find an alternative drug to be used in combination with our drugs in a timely manner and on commercially reasonable terms, or at all. As a result, clinical development of our drug candidates may be affected or future demands for our drugs may be lowered, which would in turn materially and adversely affect our business, financial condition, results of operations and prospects.

The data and information we gather or otherwise rely on in our research and development process could be inaccurate or incomplete, which could harm our trial results, reputation and prospect.

We collect, aggregate, process, and analyze data and information from preclinical studies, clinical trials and other research and development programs. Because data in the healthcare industry is fragmented in origin, inconsistent in format, and incomplete, the overall quality of data collected or accessed 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 frequently discovered. If mistakes are made in the capture, input, or analysis of these data, our ability to advance the development of our drug candidates may be materially harmed and our business, prospects and reputation may suffer. We also engage in the procurement of regulatory approvals necessary for the development and commercialization of our products under development, for which we manage and submit data to governmental entities. These processes and submissions are governed by complex data processing and validation policies and regulations. We may be exposed to liability if it is concluded that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous.

In addition, we rely on third parties, including CROs, to collect, monitor and manage data for some of the ongoing preclinical and clinical programs for our drug candidates and have limited control over their activities. For instance, data from clinical trials conducted or to be conducted by the designated CROs in China and U.S. may affect our clinical development of our drug candidates, including but not limited to C019199. If there are any inaccuracies, mistakes or incompleteness in the preclinical and clinical data of any of our collaborators, our clinical development activities may be negatively impacted as a result.

The regulatory approval processes for the NMPA, FDA, and other comparable regulatory authorities are lengthy, time-consuming, and may evolve over time. If we are unable to obtain any regulatory approvals in the target markets for our product candidates without undue delay, our business may suffer material and substantial damage.

Generally, approval from the NMPA and FDA take many years to obtain, following the commencement of preclinical studies and clinical trials. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate's clinical development and may vary among jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes.

Our drug candidates could fail to receive the regulatory approval of the NMPA, the FDA or a comparable regulatory authority for many reasons, including, without limitation:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective and potent for its proposed indication;
- failure of our clinical trial results to meet the level of statistical significance required for approval;
- failure of our clinical trial process to pass relevant GCP inspections;
- failure to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- insufficient data collected from the clinical trials of our drug candidates to support the submission and filing of an NDA, a BLA or other submissions or to obtain regulatory approval;
- failure of our drug candidates to pass cGMP, inspections during the regulatory review process or across the production cycle of our drug;

- failure of our clinical sites to pass audits carried out by the NMPA, the FDA or comparable regulatory authorities, resulting in a potential invalidation of our research data;

- findings by the NMPA, the FDA or comparable regulatory authorities of deficiencies related to the manufacturing of our products;

- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval; and

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

The NMPA, the FDA or a comparable regulatory authority may require more information, including additional preclinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate. Any of the foregoing scenarios could materially harm the commercial prospects of our drug candidates.

If we are unable to obtain or maintain approval from the NMPA, the FDA and other comparable regulatory authorities for our drug candidates to be eligible for an expedited registration pathway as innovative or breakthrough therapy, the time and cost we incur to obtain regulatory approvals may increase.

The NMPA, the FDA and the comparable regulatory authorities in other jurisdictions may have implemented expedited review programs for drug candidates, among others, which are innovative drug applications, or which treat a serious or life-threatening condition and provide meaningful therapeutic benefit over available therapies. The NMPA's breakthrough therapy designation, for example, is intended to facilitate and expedite the development and review of an investigational drug to treat a serious disease or condition when preliminary clinical evidence indicates that the drug has demonstrated substantial improvement over current therapies. Similarly, the FDA may facilitate the development and expedite the review of pharmaceutical products that are intended for the treatment of a serious or life-threatening condition for which there is no effective treatment and which demonstrate the potential to address medical need for the condition.

The intended indications of C019199, the TGCT and osteosarcoma, have been classified as rare diseases and are subject to a priority review and approval process. However, there can be no assurance, however, that the regulatory authorities will consider granting Fast Track Designation, Breakthrough Therapy Designation or other expedited review programs for our other or future drug candidates, or that we will decide to pursue or submit any applications for accelerated approvals or any other form of expedited

development, review or approvals. Similarly, there can be no assurance that, after receiving feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approvals or any other form of expedited development, review or approvals, even if we initially decide to do so. Furthermore, there can be no assurance that such a submission or application will be accepted for filing, or that any expedited development, review or approvals will be granted on a timely basis, or at all. Any failure to obtain accelerated approvals or any other form of expedited development, review or approvals for our drug candidates could result in a longer period of time prior to the commercialization of such drug candidate, an increase in the development expenses for such drug candidate and an adverse impact on our competitive position in the market.

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

If the NMPA, the FDA or other comparable regulatory authorities approve any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and record-keeping for the drug will be subject to extensive and ongoing regulatory requirements on pharmacovigilance. These requirements include submissions of safety and other post-marketing information and reports, registration, random quality control testing, adherence to any chemistry, manufacturing, and controls (the "**CMC**"), variations, continued compliance with current cGMPs, and GCPs and potential post-approval studies for the purposes of license renewal.

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

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

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory recalls;
- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA, the FDA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- refusal by the NMPA, the FDA or comparable regulatory authorities to accept any of our other IND approvals and NDAs/BLAs;

- drug seizure or detention, or refusal to permit the import or export of drugs; and

- injunctions or the imposition of civil, administrative or criminal penalties.

Moreover, regulations or policies may change or additional government regulations may be finalized that could have impact on, limit or delay regulatory approval of our drug candidates.

Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could significantly harm our business, financial condition and pipeline of pharmaceutical products.

Changes in laws and regulations relating to the pharmaceutical industry, including the ongoing healthcare reform in China, may result in additional compliance risks and costs.

In China, the U.S. and other jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes relating to the pharmaceutical industry and the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any drug candidates for which we obtain marketing approval.

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

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

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We rely on third parties to manufacture our products and drug candidates for clinical development and commercial sales. Our business could be harmed if these third parties fail to deliver sufficient quantities of product or at acceptable quality or price due to any reason.

We have relied primarily on third-party service provides, including CMOs, to manufacture our products. For details, see "Business — Production" in this prospectus. Going forward, we intend to continue to engage CMOs to manufacture the products and drug candidates for our research and development activities and commercial sales, while gradually establishing our in-house manufacturing capabilities. Our reliance on CMOs exposes us to certain risks, including, but not limited to, the following:

- we may be unable to identify CMOs that may meet some or all acceptable terms because the number of potential manufacturers is limited and the NMPA, the FDA or other comparable regulatory authorities must approve any manufacturers as part of their regulatory oversight of our products and drug candidates;

- our CMOs may have limited capacity or limited manufacturing slots, which may affect the timeline for the production of our products and drug candidates;

- our CMOs are subject to periodic inspections and other government regulations by the NMPA, the FDA or other comparable regulatory authorities, including to ensure strict compliance with the cGMP. We do not have full control over our CMOs' compliance with these regulations and requirements;

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

- our CMOs may not be able to execute our manufacturing procedures and other logistical support requirements appropriately, or may otherwise fail to perform as agreed;

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

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

- our CMOs could terminate their agreements with us;

- raw materials and products supplied by certain CMOs may not be readily obtainable elsewhere; and

- our CMOs and critical reagent suppliers may be subject to inclement weather, as well as natural or man-made disasters, which may lead to interruption of supply.

In addition, during the Track Record Period, we and our CMOs relied on third parties to supply raw materials and products used in our research and development, clinical trials and manufacturing process. We expect to continue to rely on third parties to supply raw materials for the research, development and commercialization of our drug candidates. Any disruption in production or the inability of our suppliers or suppliers of our CMOs to provide adequate quantities to meet ours or our CMOs' needs could impair our commercial sales of products and the research and development of our drug candidates. Moreover, we expect our demand for such raw materials and products to increase as we expand our business scale and commercialize our drug candidates, but there is no assurance that current suppliers have the capacity to meet our demand.

The quality of the raw materials procured and products manufactured by CMOs will depend significantly on the effectiveness of our quality control and quality assurance and that of our CMOs. We cannot assure you that these quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance protocol or standard operating procedures could render our products unsuitable for use, jeopardize our drug approvals or licenses and/or harm our market reputation and relationship with business partners. Any such developments may have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to efficiently operate and expand our sales, distribution and marketing channels, we may be unable to meet customer demand, and our results of operations, financial condition and prospects may be materially and adversely affected.

We substantially rely on third-party distributors to distribute our products upon their commercialization. Our ability to maintain and grow our business depends on our ability to efficiently develop, operate and expand our sales, distribution and marketing channels that ensures the accessibility and timely and effective delivery of our products to the relevant markets. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach the distribution agreements and the policies and measures we have in place to manage their distribution. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

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

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

We rely on the stability of our supply chain. Any loss or deterioration in our relationship with our key suppliers, any disruption in the supply of raw materials or significant increase in the prices of raw materials could materially and adversely affect our business, financial condition and results of operations.

We source certain of our raw materials, including APIs and packaging materials, from third-party suppliers. For details, see "Business — Production — Raw Material Procurement and Supplier Management" in this prospectus. During the Track Record Period, our cost of raw materials accounted for 11.6%, 9.5%, 8.1% and 7.9% of our total revenue in the 2022, 2023, 2024, and the five months ended May 31, 2025, respectively. We cannot assure you that we will be able to renew our agreements with our existing suppliers when they expire or to enter into new supplier relationships to support the continued growth of our business. In addition, we typically do not enter into long-term supply agreements with raw material suppliers and as a result are vulnerable to supply shortages and fluctuations in market prices.

The availability and prices of these raw materials may be impacted for various reasons that are beyond our control, such as unexpected increases in demand for such raw materials from producers of substitute products, adverse weather conditions, occurrence of natural disasters, health epidemics (including, for example, the COVID-19 pandemic), regulatory actions, deteriorating financial conditions or cessation of business of the suppliers and labor shortages. In the event that any of our suppliers fails to continue to supply us with sufficient quantities of raw materials of an acceptable quality in the future, we may be unable to obtain substitute raw materials elsewhere in a timely manner, or at all. We may also be forced to obtain raw materials from different suppliers, who may require us to pay prices that are not commercially reasonable or may provide us with raw materials that are not of an acceptable quality. Any potential interruption in our supply of raw materials in the future could delay the production and delivery schedules of the relevant products, which may result in the loss of customers and revenue. Also, the market prices of raw materials may be subject to significant fluctuations. We cannot assure you that we would be able to pass on any increase in raw material costs to our customers, and any substantial fluctuation in market prices of raw materials may materially increase our costs and impact our profitability.

We had a limited number of suppliers during the track record period and the loss of one or more of our key suppliers could disrupt our operations.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases from our five largest suppliers in each year/period amounted to RMB55.3 million, RMB134.8 million, RMB244.1 million and RMB73.8 million, respectively, accounting for 46.5%, 55.7%, 52.8% and 53.8% of our total purchases, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases from our largest supplier in each year/period amounted to RMB16.7 million, RMB72.6 million, RMB91.3 million and RMB18.2 million, respectively, accounting for 14.0%, 30.0%, 19.7% and 13.3% of our total purchases in each year/period, respectively. We expect to continue our purchases from these suppliers as we fund the continuing research and development activities and commercialization of our products and other drug candidates in our pipeline. We believe that we have long and stable relationships with our existing large third-party suppliers. However, the stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship and high-quality outsourced services with our large suppliers. If any of our large suppliers terminates its business relationship with us, we may encounter difficulty in finding a replacement that can provide services of equal quality at a similar price. If this occurs, our operations may be significantly disrupted.

We are subject to high customer concentration risk.

We depend on a limited number of customers to generate a substantial portion of our revenue as we are only able to rely on certain distributors for the sale of our products included in the national and local VBP schemes. Revenue generated from our five largest customers in 2022, 2023, 2024 and the five months ended May 31, 2025 accounted for 85.1%, 73.3%, 72.6% and 71.7%, respectively, of our total revenue during relevant year/period. For details, see "Business — Customers" in this prospectus.

Our reliance on the limited number of customers is primarily due to China's special procurement regime of pharmaceuticals included in the VBP schemes. If our products are excluded from such lists or other national, provincial or other government-sponsored medical insurance program, the collaborations with our major customers are to be terminated and our business, results of operations and financial condition could be adversely impacted. For details, see "— Risks Relating to the Industry and Sales of Our Products — Our products may be subject to price restrictions such as volume-based procurement (the "**VBP**") and may continue to experience downward pressure on product prices in China" in this section. If we fail to maintain our relationship with major customers, the distribution of our products to hospitals and medical community may be negatively affected, and in turn materially and adversely affect our business, financial position and results of operations.

We collaborate with third parties for development, commercialization and other aspects of our business, and the inability of any of these parties to reliably, timely or cost-effectively provide us with their obligated services could materially harm the timing of bringing our products to market and accordingly adversely affect our business.

As part of our research and development model, we have entered into collaboration arrangements with several domestic and overseas pharmaceutical companies to co-develop our drug candidates that have high potential for commercialization in China. For details, see "Business — Research and Development" in this prospectus. Any of these relationships may require us to incur non-recurring and other charges or increase our near and long-term expenditures.

In addition, we face significant competition in seeking appropriate research and development partners and the negotiation process is time-consuming and complex. If and when we collaborate with a third party for development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. For any product candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

Further, collaborations involving our product candidates are subject to numerous risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization projects based on clinical trial results, changes in their strategic focus due to the acquisition of competitive drugs, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;

- collaborators could independently develop, or develop with third parties, drugs that compete directly or indirectly with our product candidates;

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

- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates; and

- collaborators may own or co-own intellectual property covering our product candidates that results from our collaboration with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

As a result, we may not be able to realize the benefit of current or future collaborations if we are unable to successfully integrate them with our existing operations, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a research and development collaboration, we will achieve the revenue or specific net income that justifies such collaboration. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market and generate revenue, which would harm our business prospects, financial condition and results of operations.

We rely on third parties to monitor, support and/or conduct pre-clinical studies and clinical trials of our drug candidates. If these third parties do not successfully carry out their contractual obligations or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We have relied on and plan to continue to rely on third-party CROs, hospitals and clinics which are beyond our control to monitor, support and/or conduct pre-clinical studies and clinical trials of our product candidates. Nevertheless, we are responsible for ensuring that each of such studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on the CROs, hospitals and clinics does not relieve us of our regulatory responsibilities. We, our CROs and our investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA and other comparable regulatory authorities for all of our product candidates. If we or any of our CROs or investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

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

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

Delivery delays and poor handling by third-party logistics service providers may adversely affect our business, financial condition and results of operations.

We engaged CMOs for manufacturing of our drug products and are responsible for arranging the delivery of our products under secure conditions and at temperatures and other physical conditions as appropriate to our designated sites. We generally rely on third-party logistics service providers for the delivery of most of our products. The logistic services provided may be suspended and cause interruption to the supply of our products due to unforeseen events. Delivery delays may occur for various reasons beyond our control, including poor handling by the logistics companies, labor disputes or strikes, acts of war or terrorism, health epidemics, earthquakes and other natural disasters, and could lead to delayed or lost deliveries. Any major interruptions to or failures in these third parties' services could prevent the timely or successful delivery of products. If products are not delivered on time or are delivered in a damaged state, customers may refuse to accept products and may claim refund from us and customers may have less confidence in our services. Poor handling of our products could also result in product contamination or damage, which may in turn lead to product recalls, product returns or exchanges, product liability, increased costs and damage to our reputation, thereby adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

We depend on patents, trademarks, trade secrets and other forms of intellectual property protections, but these protections may not be adequate.

Our intellectual property, including but not limited to our patents, trademarks, trade secrets and know-how, is critical to our success. For details of our material intellectual property right, see "Business — Intellectual Property" and "Appendix VII — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" in this prospectus. We protect our intellectual property rights by filing patent and trademark applications, securing pharmaceutical regulatory protection, establishing and enforcing confidentiality contractual obligations, relying on trade secrets or employing a combination of these methods. However, these measures may not be adequate for a number of reasons, including those described below, some of which are beyond our control.

We apply for patents for all of our innovative pharmaceutical products. There are a number of risks and uncertainties related to our patents and patent applications:

- there is no assurance that any of our pending or potential future patent applications will mature into issued patents, or that such patents, if issued, will provide us with adequate proprietary protection or competitive advantages;

- the PRC has adopted a first to file system for patent applications, under which whoever files an application for the same invention first will be awarded the patent. As a result, a third party may be granted a patent relating to a technology we believe we invented before we are able to obtain such patent;

- our existing patents may become invalid or unenforceable for a number of reasons, including known or unknown prior art, deficiencies in patent applications and lack of originality in the underlying technologies. Certain of our patented technologies are utilized in a number of our products and product candidates and if the patents relevant to these technologies were to be declared invalid or unenforceable, it could have an adverse impact on the sales volumes and pricing levels for such products and our ability to successfully commercialize such product candidates;

- the patents and patent applications for certain products in our product portfolio and certain product candidates we intend to develop do not cover the underlying APIs. Therefore, such patents may be insufficient to protect us from the development of substitute products by competitors, who may be able to do so by designing around our products using the same APIs. In addition, patents covering preparation methods and formulation may not create sufficient technical barriers to prevent other pharmaceutical developers from developing substitute products; and

- the patents that we hold are for a finite duration. Following the expiration of the relevant patents, our existing or future competitors may be able to develop and introduce substitute products to our products which may be identical in formulation. In the event that our competitors introduce direct substitutes for these products, it could have an adverse impact on the sales volumes and pricing levels for such products.

We also rely on trademarks, trade secrets and other intellectual property rights to protect our product candidates, products and technologies. However, our efforts to defend our intellectual property rights may be unsuccessful and we may not have adequate remedies for any breach.

We may not be able to effectively protect our intellectual property rights as detecting and policing unauthorized use of proprietary technology are difficult and expensive, and we might need to resort to litigation to enforce or defend our intellectual property rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Furthermore, such litigation may require significant expenditures and management efforts. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business, prospects and reputation.

If we fail to adequately protect our intellectual property for any of the above or other reasons, competitors may be able to imitate or copy our products, use our technologies and erode or negate any competitive advantages we may have, which could harm our business and ability to achieve profitability.

We may from time to time be involved in legal proceedings and disputes to protect or enforce our intellectual property rights, or defend against infringement and other claims alleged by third parties, which could be expensive, time consuming and unsuccessful.

Litigation relating to patents and other intellectual property rights in the pharmaceutical industries is common, including patent administrative proceedings, patent ownership and patent infringement lawsuits. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. Third parties could resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future. Some claimants may be able to sustain the costs of complex intellectual property proceedings to a greater degree and for longer periods of time than we could.

Our intellectual property rights could be challenged or invalidated. In addition, competitors or other third parties may challenge, infringe or misappropriate our patents and other intellectual property rights. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. In any infringement proceeding, a court or governmental authority may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages. In addition, if the breadth or strength of protection provided by our patents and other intellectual property rights is threatened, it could dissuade companies from collaborating with us to license, develop, or commercialize our current or future drug candidates. Any loss of intellectual property protection could have a material adverse impact on one or more of our drug candidates and our business.

On the other hand, we cannot guarantee that our drug candidates or the sale or use of our future products do not and will not in the future infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights. Third parties could 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, or with respect to the use or manufacture of the compounds we have developed or are developing.

If a third party were to assert claims of patent infringement against us, even if we believe such third-party claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialize the applicable product unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing a third party's patent rights. These damages potentially include increased damages and attorneys' fees if we are found to have infringed such rights willfully.

In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a drug candidate, or be forced, by court order or otherwise, to modify or cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement.

An adverse result in any litigation proceedings could put one or more of our intellectual property rights at risk of being invalidated or interpreted narrowly. Even if successful, litigation may result in substantial costs and distraction of our management and other employees. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If the public, securities analysts or investors perceive these results to be negative, or perceive that the presence or continuation of these cases creates a level of uncertainty regarding our ability to increase or sustain products sales, it could have a substantial adverse effect on the price of our H Shares. There is no assurance that our drug candidates will not be subject to the same risks.

Intellectual property and other laws and regulations are subject to amendments from time to time, which could diminish the value of our intellectual property in general, thereby impairing our ability to protect our current and any future drug candidates.

Obtaining and enforcing patents in the pharmaceutical industry involve a high degree of technological and legal complexity. Therefore, obtaining and enforcing pharmaceutical patents is costly, time consuming and inherently uncertain. Changes in either the patent laws or in the interpretations of patent laws in China, the United States and other countries may diminish the value of our intellectual property and may increase the uncertainties and cost surrounding the prosecution of patent applications and the enforcement or defense of issued patents. We cannot predict the breadth of claims that may be allowed or enforced in our future patents or in third-party patents. In addition, there are periodic proposals for changes to the patent laws in China, the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology.

In China, intellectual property laws are constantly evolving. For example, on October 17, 2020, the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") promulgated the Amendment to the PRC Patent Law effective from June 1, 2021, which provides that, among others, the patentee of an invention patent relating to the new drug that has been granted the marketing authorization in the PRC is entitled to request the patent administration department under the State Council to grant a patent term extension of up to five years, in order to compensate the time required for the regulatory evaluation and approval for the commercialization of such a new drug; provided that, the total remaining patent term of such a new drug approved for commercialization shall not exceed fourteen (14) years after such approval. As a result, the terms of our PRC patents may be eligible for extension and allow us to extend patent protection of our products, and the terms of the patents owned by third parties may also be extended, which may in turn affect our ability to commercialize our products candidates, if and when approved, without facing infringement risks. The length of any such patent term extension is uncertain. If we are required to delay commercialization for an extended period of time, technological advances may develop and new competitor products may be launched, which may render our product non-competitive. We also cannot guarantee that amendments to PRC intellectual property laws from time to time would not have a negative impact on our intellectual property protection.

Evolving judicial interpretation of patent law could also adversely affect our business. The U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have issued numerous precedential opinions in recent years narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on future actions by the U.S. Congress, the U.S. federal courts, the United States Patent and Trademark Office or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce or defend patents that we have licensed or that we might own or license in the future.

Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce our current and future owned and licensed patents.

OTHER RISKS RELATING TO OUR OPERATIONS

We do not have prior experience in manufacturing drug products on our own and our expansion in the production facilities may not be successful as we have planned.

We currently rely on CMOs to manufacture our commercialized generic drugs and plan to increase our production capacity by building our own Changle Facility in Fuzhou, which we have obtained the relevant approvals in December 2024. We have completed the construction of the manufacturing facility in the first half of 2025, and plan to put it into use by the end of 2025. We may build additional facilities in the future in accordance with our business growth and growing customer needs.

We do not have prior experience in manufacturing drug products on our own, and the transition to in-house manufacturing involves substantial capital investment and operational costs. We cannot assure you that our expansion plan will be successfully implemented without delays or at all. Our ability to implement our expansion plan is subject to a number of factors. New manufacturing facility may require prior review by regulatory authorities and/or approval of the manufacturing process and procedures in accordance with applicable requirements. This review may be costly and time-consuming. We will need to ensure that our new manufacturing facilities meet applicable quality standards, such as GLP, GMP and cGMP, for which we may incur substantial costs. In addition, the actual costs of the expansion may exceed original estimates due to various unforeseen factors such as increased costs of raw materials and regulatory compliance expenses. These additional costs could significantly impact the expected return on investment, thereby affecting our overall profitability and financial stability. Furthermore, any delays in the construction or operation of the new facility could lead to missed market opportunities and reduced competitive advantage, further exacerbating the financial strain on us. If we fail to fully utilise the additional production capacity due to adverse market changes, technological advancements, or policy shifts, it could materially and adversely affect the Group's business, financial condition, and results of operations.

We intend to continue to engage CMOs for manufacture of our products in the future. However, any failure or delay in implementing any part of our expansion plan may result in a lack of production capacity to support our growth, market expansion, and the commercialization of our products, which in turn could adversely affect our business, results of operations and financial condition. Specifically, if the manufacturing capacity of our future facilities is not sufficient to cover the volume of drugs required by customers, we may need to engage more CMOs which may not be in a timely and cost-effective manner. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures. In addition, if we fail to fully utilize the additional production capacity due to any adverse change to the market environment, technologies, and relevant policies, our business, results of operations and financial condition could be materially and adversely affected.

Unsatisfactory performance of or defects in our products, or failure to maintain an effective quality management system, may harm our reputation, lead to product returns or recalls and materially and adversely affect our business, financial condition and results of operations.

Our products and manufacturing processes are required to meet certain quality standards. We have established a quality control management system and standard operating procedures to help prevent quality issues in respect of our products. For details, see "Business — Quality Management" in this prospectus. Despite these quality control efforts and due to our engagement of CMOs for manufacturing of products, we may not be able to detect or cure product defects as a result of a number of factors, many of which are outside our control, including manufacturing errors, technical or mechanical malfunctions in the manufacture process, human error or malfeasance by our quality control personnel, tampering by third parties and quality issues with the raw materials we or business partners purchase.

In addition, when we expand our production capacity in the future, we may not be able to ensure consistent quality between our products manufactured in our new facilities without incurring substantial costs. Furthermore, if we acquire other pharmaceutical companies, we may not be able to immediately ensure that their production facilities and processes will meet our own quality standards.

Failure to detect quality defects in our products or to prevent such defective products from being delivered to end-users could result in patient injury or death, product returns or recalls, license revocation or regulatory fines, product liabilities or other problems that could seriously harm our reputation and business, expose us to liability, and materially and adversely affect our revenue and profitability. Our reputation and our business could be harmed, and we could be potentially exposed to liability, which may materially and adversely affect our results of operations.

Failure to retain the services of our senior management, key scientific personnel and key sales personnel could adversely affected our business and prospects.

We are highly dependent on the expertise of the members of our research and development team, as well as the principal members of our senior management. We have entered into employment agreements with our executive officers, but each of them may terminate their employment with us.

Recruiting, retaining and motivating qualified management, scientific, clinical and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Further, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize drugs. 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 companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

Our performance depends on our relationship with employees. Any material deterioration in labor relations, shortage of labor or material increase in labor costs may have a material adverse effect on our business, financial condition and results of operations.

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

Further, most of our workforce is employed in mainland China where the average labor cost has been steadily increasing over the past years as a result of inflation, and other changes in labor laws and local economics. In particular, further changes in the labor laws, rules and regulations may be promulgated in the future and our operations may be materially and adversely affected if such laws, rules or regulations impose additional burden on the employers. The labor cost will continue to increase in the future which is in line with the economic growth in China. Competition for employees would require us to pay higher wages, which would result in higher labor costs.

We may not be successful in executing our business plans and strategies effectively or at all, and our business, financial condition and results of operations may be materially and adversely affected.

Our future financial performance and our ability to commercialize our drug candidates will also depend, in part, on our ability to effectively manage our growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to implement our long-term development strategies. For details, see "Business — Our Strategies" in this prospectus. Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing on our growth strategies will require, among other things, our ability to continue to identify and develop promising drug candidates in the competitive global and PRC pharmaceutical market, effective coordination and integration of new facilities and new teams that we may develop, successful hiring and training of personnel, as well as effective and efficient financial and management control and quality control.

All of these endeavors will require substantial management attention and efforts and significant additional expenditures. If we fail to expand at our expected pace, we may face capacity constraints in the future which may adversely affect our business and financial condition. We cannot assure you that we will be able to execute our business strategies and manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We may need additional capital to fund our operations that we may be unable to obtain in a timely manner on acceptable terms.

The implementation of many aspects of our strategies will require significant funding, including, but not limited to:

- the expenses associated with expanding our sales and distribution network;
- the costs of research and development projects for the expansion and diversification of our product portfolio;
- the funding required to consummate acquisitions and integrate acquired businesses; and
- the capital expenditure required to increase our production capacity and to upgrade and enhance our facilities.

In addition, many aspects of our general business operations have ongoing funding requirements that may increase over time. We believe our current cash and cash equivalents and the estimated net proceeds from the Global Offering will be sufficient to meet our anticipated cash needs for at least the next 12 months from the date of this prospectus. We may, however, require additional cash resources to meet our continued operating cash requirements in the future, especially to fund our research and development activities. However, our ability to obtain external financing in a timely manner on acceptable terms, if at all, will depend on a number of factors, many of which are outside our control, including our financial condition, results of operations and cash flows, the economic conditions in the PRC, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we were not able to obtain additional capital to meet our cash requirements in the future, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Failure to manage our future growth or profitability effectively may materially and adversely affect our business operations and prospects.

We experienced growth in revenue during the Track Record Period. In 2022, 2023 and 2024 and the five months ended May 31, 2025, our revenue was RMB212.5 million, RMB316.6 million, RMB466.7 million and RMB249.2 million, respectively. However, this only reflects our historical performance and may not be indicative of our future performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including development and commercialization of our drug candidates, level of demand, competition, regulatory evolvement and changes in economic condition. If we are not able to effectively manage our business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, we may not be able to sustain the growth we achieved in the past. Any failure to manage our future growth or profitability effectively may materially and adversely affect our business operations and prospects.

Preferential tax treatment and financial subsidies we have enjoyed may change or discontinue, which may have an adverse effect on our financial condition and results of operations.

In December 2021, we were recognized as "high and new technologies enterprise" by the local government authorities and thus were entitled to a preferential EIT rate of 15% for the years ended December 31, 2021, 2022 and 2023. The recognition as "high and new technology enterprise" has been renewed in 2024 and we are entitled to such preferential treatment in the next three years. However, we cannot assure you that we will be able to successfully renew it in the future.

We have historically received government subsidies for our technology innovation and contribution to the local economy as well as for encouragement of our research and development projects. For the years/period ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, we recorded government grants of RMB0.8 million, RMB6.0 million, RMB7.6 million and RMB1.3 million, respectively, in our consolidated statements of profit or loss. For details, see "Financial Information — Description of Major Components of our Results of Operations — Other Income, Expenses, Gains and Losses, Net." These financial subsidies have been given at the discretion of the local government authorities.

There can be no assurances that we would continue to enjoy these preferential tax treatment or financial subsidies at the historical levels, or at all. Any change, suspension or discontinuation of these preferential tax treatment and financial subsidies to us could adversely affect our financial condition, results of operations and cash flows.

Any negative publicity and allegations involving us, our Shareholders, directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. In addition, we may engage various business partners, such as retailers, to expand our commercialization network and increase market access for our drugs, which can make it increasingly difficult to effectively manage our brand reputation, as we have relatively limited control over these third parties.

Any negative publicity, regulatory inquiries or investigations or other actions against our Shareholders, directors, officers or employees, any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrongdoing by any key member of our management team or other employees, our business partners or our affiliates, could harm our reputation and materially and adversely affect our business. Regardless of the merits or final outcome of such regulatory inquiries, investigations or actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent and business partners and grow our business.

We may be subject to complaints, claims, disputes and legal proceedings in the ordinary course of our business.

From time to time, we may be involved in inspections, complaints, claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, privacy protection, environmental and safety matters, breach of contract, employment or labor disputes and intellectual property rights. Any inspections, complaints, claims, disputes or legal proceedings initiated by us or brought against us, our management or directors, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, inspections, complaints, claims, disputes or legal proceedings against us, our management or directors may be due to actions taken by our counterparties, such as our suppliers, CROs and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

If we fail to maintain effective internal controls, our business, financial results and reputation could be materially and adversely affected.

We have an internal control system in place to monitor and control potential risk areas relevant to our business operations. In connection with the Global Offering, we have examined our internal control system and made certain enhancements where appropriate, in order to satisfy our internal control requirements after the completion of the Global Offering. However, due to the inherent limitations in the design and implementation of

our internal control system, our internal control system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Our risk management and internal controls also depend on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by the relevant authorities.

Our employees and business partners may engage in misconduct or other improper activities, or violate our internal policies and laws, and we may be unable to detect, deter and prevent all instances of misconduct.

We are exposed to the risk that our employees, collaborators, independent contractors, principal investigators, consultants, vendors, CROs and CMOs may engage in fraudulent or other illegal activity with respect to our business. Misconduct by these employees could include intentional, reckless and/or negligent conduct or unauthorized activity that violates regulations of the NMPA, FDA or other regulatory authorities, including those laws requiring the reporting of true, complete and accurate information, manufacturing standards, or laws that require the true, complete and accurate reporting of financial information or data.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Misconduct by these parties could also involve individually identifiable information, including, without limitation, the improper use of information obtained in the course of clinical trials, or illegal misappropriation of drug product, which could result in regulatory sanctions and serious harm to our reputation. We may not be able to identify and deter employee misconduct, 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 be in compliance with such 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 civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from the NRDL, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses.

We have limited control over the interactions our employees, distributors and third-party promoters have with hospitals, other medical institutions, pharmacies and healthcare professionals, and they may try to increase sales volumes of our products or the third-party products through means that constitute violations of anti-corruption and other related laws in the PRC. There have been several instances of corrupt practices in the pharmaceutical industry, including, among other things, acceptance of kickbacks, bribes or other illegal gains or benefits by hospitals, other medical institutions and healthcare professionals from pharmaceutical manufacturers, distributors and retail pharmacies in connection with the procurement or prescription of pharmaceutical products. Any allegations of such behavior against us, our employees, distributors or third-party promoters or the pharmaceutical industry in general could generate negative publicity and materially and adversely affect our reputation, sales activities and business prospects.

There can be no assurance that we were or are able to entirely prevent our employees, distributors or third-party promoters from engaging in such activities in the past or in the future. We could be held liable for actions taken by our employees, distributors or third-party promoters, which could expose us to regulatory investigations, penalties, revocation of operating licenses and permits, and even criminal liabilities. Actions taken by PRC regulatory authorities or the courts that provide an interpretation of PRC laws and regulations that differs from our interpretation or that adopt additional anti-bribery, anti-corruption laws and regulations could also require us to make changes to our operations.

Pursuant to the "Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry" (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the NHFPC on December 25, 2013, and came into effect on March 1, 2014, if we are involved in criminal, investigational or administrative procedures for commercial bribery, we will be listed in the adverse records of commercial briberies by the relevant government authorities, as a result of which, for two years from the date the list of adverse records of commercial briberies is published, (i) our products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies within the relevant provinces, and (ii) the scores of our products in the centralized tender processes of public medical institutions or medical and health institutions receiving financial subsidies in other provinces will be reduced. Furthermore, if we are listed in the adverse records of commercial briberies twice within five years, our products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies throughout China for two years.

In addition, we are required to comply with anti-corruption requirements in our agreements with our business partners, including certain collaboration partners and manufacturers of third-party products. Any breach of such anti-corruption requirements by us may result in negative consequences, including payment of penalties and termination of agreements, which could have a material adverse effect on our business, financial condition, results of operations and profitability.

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

While we currently manufacture generic drugs primarily through our partnerships with GMP-compliant manufacturers, we are also constructing our own Changle Facility to expand our production capacity to support our extensive product manufacturing needs. The pharmaceutical manufacturing process involves the handling, production and use of substances and compounds that may be considered toxic or hazardous within the meaning of environmental laws. We, our CROs and CMOs are subject to numerous national and local environmental, health, and safety policies, laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes, and may become subject to similar policies, laws and regulations in other jurisdiction in the future. We cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our or our manufacturers' facilities during the process of discovery, testing, development and manufacturing of our drug candidates. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Our operations may be adversely affected due to the close or suspension of certain of the affected facilities temporarily or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. In addition, we may incur substantial costs in order to comply with current or future environmental, health, and safety laws and regulations. These current or future laws and regulations may impair our drug candidate R&D program efforts. Moreover, there is increasing stakeholder pressure on companies to diligence environmental, social, and governance matters in the supply chain. Negative publicity regarding production methods, alleged practices or workplace or related conditions of any of our suppliers, CROs, CMOs, or other third parties who perform services for us could adversely affect our reputation and force us to locate alternatives, which could increase our costs and result in delayed manufacturing or supply of our products, or other disruptions to our operations.

In terms of the construction of our Changle Facility, it can be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety examine and approve such facilities. We cannot assure you that we will be able to obtain all the regulatory approvals for our construction project in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals for our construction project may affect our abilities to develop, manufacture and commercialize our drug candidates as we plan.

We may not have sufficient insurance to cover our business risks.

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

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

We and the CROs we engage may routinely receive, collect, generate, store, process, transmit and maintain anonymized and de-identified clinical trial data of subjects enrolled in our clinical trials. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance including, for example, substantial operational costs associated with changes to our data processing practices. Failure to comply with any of these laws could result in enforcement action against us, including and without limitation to fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material and adverse effect on our business, financial condition, and results of operations or prospects.

The personal information of patients or subjects which might be involved in our clinical trials could be highly sensitive and we are subject to strict requirements under the applicable privacy protection regulations in the relevant jurisdictions. While we have adopted security policies and measures to protect our proprietary data and patients' privacy, such as de-identification procedures, and electronic systems to separate identity information from the relevant clinical data, such policies and measures might not satisfy all the requirements in every respect under the applicable laws and regulations. Data leakage and abuse and other misconduct related to data and personal information

protection might not be completely avoided, due to hacking activities, human error, employee misconduct or negligence or system breakdown, among other reasons. We may also cooperate with hospitals, CROs and other business partners, licensees, contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with data/privacy policies or data/privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personal information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

We may be restricted from transferring our scientific data abroad.

We have conducted clinical trials for C019199 and expect to continue to conduct clinical trials for our current pipelines. The clinical trials, registration and post-market surveillance of our products and product candidates in different jurisdictions, which involve the collection and storage of clinical trial information for scientific purposes, and it may require cross-border transfer of scientific data in the future, which subjects us to relevant laws and regulations. Our transfer of data may be limited or even restricted if the information is considered of national security interest in certain jurisdictions or if we fail to continue to comply with the requirement on data protection, in which case, our business may be adversely affected as a result.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (the "**Scientific Data Measures**"), which provides that enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the PRC government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. If and to the extent any data collected or generated in connection with our R&D of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, there is no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China.

In addition, the Regulations of PRC on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》) (the "**HGR Regulation**"), which was promulgated on May 28, 2019 and further amended on March 10, 2024, The Implementing Rules of the Administrative Regulations on Human Genetic Resources (《人類遺傳資源管理條例實施細則》), was issued on May 26, 2023 and became effective on July 1, 2023. The regulation and its implementing rules stipulate that foreign organizations, foreign individuals and the institutions established or actually controlled thereby shall not collect or preserve China's human genetic resources within the PRC, and shall not provide China's human genetic resources abroad. Where a foreign organization or an institution established or actually controlled by a foreign organization or foreign individual needs to use China's human genetic resources to conduct scientific research activities, it shall

comply with the applicable laws, administrative regulations and relevant provisions in the PRC, and cooperate with China's scientific research institutions, universities, medical institutions and enterprises provided therein. In this regard, utilization of China's human genetic resources for international cooperation in scientific research, as well as transporting China's human genetic resources materials abroad shall be subject to the approval of the administrative department for health under the State Council. However, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without export of human genetic resource materials for obtaining the licensing for the listing of relevant drugs and medical devices in the PRC market, provided that the type, quantity and usage of the human genetic resources to be used shall be filed with the administrative department for health under the State Council before conducting the clinical trials. If we are unable to obtain necessary approvals, complete the filings or comply with the regulatory requirements in a timely manner, or at all, our R&D of drug candidates may be affected. Further, the Biosecurity Law (《生物安全法》), which was promulgated on October 17, 2020, became effective on April 15, 2021, and amended on April 26, 2024, reaffirms the regulatory requirements stipulated by the HGR Regulation while potentially increasing the administrative sanctions where China's human genetic resources are collected, preserved, exported or used in international cooperation in violation of applicable laws. If the relevant government authorities consider the transmission of our scientific data or usage of human genetic resources to be in violation of the requirements under applicable PRC laws and regulations, we may be subject to fines and other administrative penalties imposed by those government authorities.

Any failure of information technology systems, natural disasters, health epidemics and other outbreaks could significantly disrupt our operations.

Our information technology systems and those of our CROs, consultants and other service providers are vulnerable to damage from computer viruses, unauthorized access, cyber-attacks and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed.

Our operations may also be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and unexpected maintenance or technical problems, or may be susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our business could be adversely affected by the effects of epidemics, including avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations.

We may be subject to additional social insurance fund and housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the actual income of our employees, together with the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. Any failure to make timely and adequate social welfare contribution for its employees may trigger an order of correction from competent authority requiring the employer to make up the full amount of such overdue social welfare contribution within a specified period of time, and the competent authority may further impose fines or penalties.

During the Track Record Period, the basis of payment of social insurance premiums and housing fund by the Group for our employees was lower than the actual salary income of such employees. In 2022, 2023 and 2024, the estimated shortfall amounts of the social insurance and housing provident fund contributions, calculated based on the prevailing regulatory requirements, were RMB2.7 million, RMB3.4 million and RMB4.8 million, respectively. As a result, we may be required by competent authorities to pay the outstanding amount, and may be subject to late payment penalties or enforcement application made to the court. As advised by our PRC Legal Advisors, according to relevant PRC laws and regulations, we may be requested by relevant PRC authorities to pay the outstanding social insurance contribution within a prescribed period and pay an overdue charge equal to 0.05% of the outstanding amount for each day of delay. If we fail to pay the outstanding social insurance contributions within the prescribed period, we may be liable to a fine of one to three times the amount of the overdue payment. And, with respect to the failure to make adequate housing fund contribution, housing fund management center may require us to make the overdue payment and deposit within a prescribed period, failing which it may seek court order against us and to collect the outstanding housing fund contributions. As advised by our PRC Legal Advisors, according to Notice on Effectively Implementing the Spirit of the State Council Executive Meeting to Ensure Stable Collection of Social Insurance Premiums (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) issued by Ministry of Human Resources and Social Security on September 21, 2018, relevant competent government authorities shall not independently carry out centralized collection of historical overdue social insurance premiums. We have obtained compliance certificates and credit reports from the relevant PRC authorities in respect of our social insurance and housing provident fund payment whereby we were not found to have been penalized for violations of any

labor protection or housing provident fund related laws and regulations in the PRC, nor are there any arrears, need for back payment, or payment of fines. During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any notice from relevant competent government authorities regarding any claim for inadequate contributions of our employees, nor any notification from the relevant competent government authorities requiring us to pay the shortfalls; (ii) we were not aware of any employee complaints nor were involved in any labor disputes with our employees with respect to contributions of social insurance and housing provident funds; (iii) we undertake to make timely payments for the outstanding amount and late charges, as soon as requested by the competent government authorities; and (iv) we undertake to fully rectify and make full contributions of social insurance and housing provident funds as soon as practicable, subject to requirements of the relevant authorities and the cooperation of each of our employees to make full contributions of social insurance and housing provident funds going forward, and disclose the status in our annual report(s) in due course. As advised by our PRC Legal Advisors, based on the above, the likelihood that we are required to pay the historical arrears or are subject to material administrative penalties imposed by the relevant PRC authorities due to our failure to make full contribution to social insurance and housing provident funds in full for our employees is remote. We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us. Such actions may have a material and adverse impact on our financial position and results of operation.

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

The property valuation report prepared by AVISTA Valuation Advisory Limited, an independent property valuer, set out as Appendix III to this prospectus with respect to the appraised values of our property is based on various assumptions, which are subjective and uncertain and may differ from actual results. The assumptions that AVISTA Valuation Advisory Limited used in the property valuation report include but not limited to that (i) an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes is excluded; and (ii) no allowance has been made in the property valuation report for any charges, mortgages or amounts owing on any of the property valued nor for any expenses or taxation which may be incurred in effecting a sale, which may be inaccurate or unreasonable. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our property. As a result, the valuation of our property may differ materially from the price we could receive in an actual sale of the property in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in economic, political and social conditions could have a material adverse effect on our business and operations.

All of our revenue is derived from our businesses in the PRC during the Track Record Period. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and legal developments in the PRC. If the macroeconomic condition in China experiences significant changes, demand for our solutions and our ability to maintain our operations may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

China's economy has experienced significant growth over the past decades since the implementation of reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be materially and adversely affected.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

Fluctuations in the value of the Renminbi and other currencies may have a material adverse impact on your investment.

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, while the net proceeds from the Global Offering will be denominated in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the proceeds from the Global Offering. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of

the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

We are subject to the currency exchange management system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange management system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present 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.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations, as well as our reputation.

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

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

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

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

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

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

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

Under the applicable PRC laws and the constitutional documents of our Company, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. As a result of these PRC laws and regulations, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends and we may not have sufficient or any distributable profit to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Limitations on the ability of our operating subsidiaries in China to pay dividends to us could materially and adversely limit our ability to distribute dividends. In addition, the calculation of our distributable profits under PRC GAAP differs in certain aspects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year if we do not have distributable profits as determined under PRC GAAP even if we have profits as determined under IFRS.

Even if we do have sufficient distributable profits, our payment of dividends is subject to foreign exchange restrictions. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB 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. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If we are unable to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

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

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**"), which have become effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, file the required documents with the CSRC within three business days after its application for overseas listing is submitted. For details, see "Regulatory Overview — Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies" in this prospectus. We will file with CSRC within a specific time limit as required by the Overseas Listing Trial Measures in a timely manner or at all, the failure of which may restrict our ability to complete the proposed Listing.

On February 24, 2023, the CSRC and other relevant government authorities published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their

confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

Furthermore, we cannot assure you that new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us, our Shareholders or our financing activities. We or our Shareholders may not be able to comply with such additional requirements in a timely manner. In addition, we or our Shareholders may be subject to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC filing or other government authorization or approval for this listing or any subsequent change in shareholding structure, it is uncertain whether we can or how long it will take us or our Shareholders to obtain such approval or complete such administrative procedures and these regulatory authorities may impose fines and penalties on us or our Shareholders, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop, especially taking into account that certain of our existing Shareholders may subject to a lock-up period.

There has been no prior public market for our H Shares. The initial Offer Price for our H Shares to the public will be the result of our negotiations with the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering. We have applied to the Stock Exchange for listing of, and permission to deal in, our H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following the Global Offering.

In particular, certain part of the H Shares in issue as of the date of this prospectus will be subject to a lock-up period from the Listing Date, which may significantly affect the liquidity and trade volume of our H Shares in the short term following the Global Offering. A listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our H Shares will develop, especially during the period when certain portion of our H Shares may be subjected to lock-up, or if it does develop, that it will be sustained following the Global Offering, or that market price of the H Shares will rise following the Global Offering.

The trading price of our H Shares may be volatile, which could result in substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, including the following:

- the results of clinical trials of our drug candidates;
- the results of our applications for regulatory approvals of our drug candidates;
- regulatory developments affecting the pharmaceutical industry, healthcare, health insurance and other related matters;
- fluctuations in our revenue, earnings, cash flows, investments and expenditures;
- relationships with our suppliers;
- movements or activities of key personnel; and
- actions taken by competitors.

Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

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

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

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

Future sales or perceived sales of our H Shares may adversely affect the prevailing market price of our H Shares and our ability to raise future capital at a favorable time and price.

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

We cannot assure you that we will declare and distribute any amount of dividends on our H Shares in the future.

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

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. In addition, regulations in the PRC currently permit payment of dividends of us only out of our accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with our Articles of Association and the accounting standards and regulations in China. As a result, we cannot assure you that we will make any dividend payments on our H Shares in the future. Therefore, you should not rely on an investment in our H Shares as a source for any future dividend income.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our H Shares, the price of our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

Immediately upon completion of the Global Offering, our Controlling Shareholders will be entitled to exercise approximately 35.15% voting rights in our Company. As a result, our Controlling Shareholders, will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions.

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

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from official government sources contained in this prospectus.

Certain facts, forecasts and other statistics in this prospectus are obtained from various independent third-party sources, and were either commissioned by us or publicly accessible and from other publicly available sources. The information provided or published by government agencies has not been independently verified by us, the Overall Coordinators, the Joint Global Coordinators, our or their respective affiliates or advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. The underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources have not been ascertained neither. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the pharmaceutical industry in and outside China may be inaccurate, and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from official government sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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

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

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

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

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

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

(a) we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Dr. Kang and Ms. Chan Hiu Lam (陳曉琳) ("**Ms. Chan**") (the "**Authorized Representatives**"). Ms. Chan is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(b) each Director has provided his/her contact information (such as mobile phone number and e-mail address) to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation to the Authorized Representatives;

(c) to the best of the Company's knowledge and information, each Director who does not ordinarily reside in Hong Kong are able to apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange;

(d) we have retained the services of Orient Capital (Hong Kong) Limited as compliance advisor (the "**Compliance Advisor**") upon Listing for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, which will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange;

(e) our Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Advisor, and to the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Stock Exchange and us; meetings between the Stock Exchange and our Directors will be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor; and

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

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

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

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

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

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

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Hong Kong Stock Exchange will consider the individual's:

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

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Zhang Junhuan (張俊環) ("**Ms. Zhang**") as one of the joint company secretaries in December 2024. Ms. Zhang has accumulated abundant knowledge about the business operations and governance of corporations with a strong recognition of the corporate culture of our Group. By virtue of her position, industry experience and familiarity with our Group, Ms. Zhang has worked closely with our Directors and thus possessed a thorough understanding of matters concerning the Board and its operations. As such, our Directors believe that Ms. Zhang is a suitable person to act as the company secretary of our Company.

However, Ms. Zhang does not possess the specified qualifications strictly required by Rule 3.28 and Rule 8.17 of the Listing Rules. As a result, we have appointed Ms. Chan, who meets the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules, to act as the other joint company secretary. For the biographies of Ms. Zhang and Ms. Chan, see "Directors, Supervisors and Senior Management" in this prospectus.

Over the initial period of three years from the Listing Date, we will implement the following measures to assist Ms. Zhang to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(a) Ms. Chan will assist Ms. Zhang so as to enable her to discharge her duties and responsibilities as a joint company secretary of our Company. Given Ms. Chan's relevant experiences, she will be able to advise both Ms. Zhang and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

(b) Ms. Zhang will be assisted by Ms. Chan for an initial period of three years commencing from the Listing Date, which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(c) We will ensure that Ms. Zhang has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of a Hong Kong listed company, and Ms. Zhang has undertaken to attend such trainings;

(d) Ms. Chan will communicate with Ms. Zhang on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Chan will work closely with, and provide assistance to Ms. Zhang with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(e) Pursuant to Rule 3.29 of the Listing Rules, Ms. Zhang and Ms. Chan will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Zhang and Ms. Chan will be advised by our legal advisors as to Hong Kong law and our Compliance Advisor as and when appropriate and required.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing Date, in accordance with the Guide for New Listing Applicants published by the Hong Kong Stock Exchange, on the condition that (i) Ms. Chan is engaged as a joint company secretary and provides assistance to Ms. Zhang during this period; and (ii) the waiver will be revoked if Ms. Chan, during the three-year waiver period, ceases to provide assistance to Ms. Zhang, or if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Zhang to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Hong Kong Stock Exchange to assess whether Ms. Zhang, having had the benefit of Ms. Chan's assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and there is no need to further apply for a waiver.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

CSRC FILING REQUIREMENT

We have filed the required documents with the CSRC, and the CSRC has issued the filing notice dated June 25, 2025, confirming our completion of the filing pursuant to the new filing regime introduced by the Overseas Listing Trial Measures for the Global Offering, the conversion of certain Unlisted Shares into H Shares and the application for listing of the H Shares on the Hong Kong Stock Exchange.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,150,000 H Shares and the International Offering of initially 10,350,000 H Shares (subject, in each case, to reallocation on the basis described in "Structure of the Global Offering").

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

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Company will determine on or around Wednesday, October 15, 2025, and in any event not later than 12:00 noon on Wednesday, October 15, 2025.

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his or her acquisition of Hong Kong Offer Shares to confirm, that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, agents, affiliates or advisors or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering. Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Friday, October 17, 2025. No part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 50 H Shares. The stock code of the H Shares is 2637.

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

COMPLIANCE WITH LISTING RULES

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

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's H Share register of members to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register of members will be subject to Hong Kong stamp duty. Hong Kong stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares transferred. In other words, a total of 0.2% will be payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed stamp duty of HK$5.00 is currently payable on each instrument of transfer of H Shares.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Hong Kong Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the HKSCC Rules and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of Unlisted Shares into H Shares, which involves 67,207,270 Unlisted Shares held by the existing Shareholders. See "History, Development and Corporate Structure" and "Share Capital" for details of our existing Shareholders and their respective interests in our Company and relevant procedures for the conversion of Unlisted Shares into H Shares. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing.

The relevant filing procedure in relation to the conversion of Unlisted Shares into H Shares has been completed on June 25, 2025.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

See "How to Apply for Hong Kong Offer Shares" for details of the procedures for applying for the Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

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

LANGUAGE

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

ROUNDING

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

MARKET SHARE DATA

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

CURRENCY TRANSLATIONS

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

Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates, being the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the People's Bank of China:

(i) RMB0.9130 to HK$1.00

(ii) RMB7.1055 to US$1.00

(iii) HK$7.7828 to US$1.00

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Kang Xinshan (康心汕)	Room 106, Building 30 Jinhui Shuiyin Changtian No. 230 Jinju Road Jinshan Street, Cangshan District Fuzhou, Fujian Province PRC	Chinese
Ms. Feng Yan	Room 106, Building 30 Jinhui Shuiyin Changtian No. 230 Jinju Road Jinshan Street, Cangshan District Fuzhou, Fujian Province PRC	Canadian
Dr. Chen Guangming	Room 1201, Building 65 China Resources Oak Bay Homes Oak Park, Cangshan District Fuzhou, Fujian Province PRC	American
Dr. Chen Shuyi (陳樞儀)	Room 702 No. 336 Kecuo Road, Siming District Xiamen, Fujian Province PRC	Chinese
Non-executive Directors		
Mr. Xu Dong (許冬)	Unit 402, Building 10 Phase II of Yuanda Community No. 150 Xiushan Road Jinan District Fuzhou, Fujian Province PRC	Chinese
Mr. Wang Xinkun (王忻琨)	Room 905, Building B3 Zhonghuan Garden, No. 15 Douxi Road Antai Street, Gulou District Fuzhou, Fujian Province PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. Gong Weimin (龔為民)	Room 802, Building 10 Wangzhuang Heyuan New Area No. 139 Changfu Road Wangzhuang Street, Jinan District Fuzhou, Fujian Province PRC	Chinese
Ms. Wang Shan Shan (王珊珊)	Flat A, 36/F Tower 2 Park Towers 1 King's Road Tin Hau Hong Kong	Chinese (Hong Kong)
Ms. Pu Meiting (蒲美婷)	Room 1102, No.4 Lane 58, Cheng Song Road Songjiang District, Shanghai PRC	Chinese
SUPERVISORS		
Ms. Chen Xia (陳霞)	Room 1204, Building 16 Zhonggeng City II, No. 157 Jinkang Road Cangshan District Fuzhou, Fujian Province PRC	Chinese
Mr. Wu Jiang (吳江)	Room 3201, Building 12 No. 2 Hanlin Street Evergrande Infinity World Longjing Town, Qingxin District Qingyuan, Guangdong Province PRC	Chinese
Ms. Xu Lixia (許麗霞)	Room 2905, Building 6 Shimao Brilliant City No. 169 Xiuban Road, Gushan Town Jinan District Fuzhou, Fujian Province PRC	Chinese

See "Directors, Supervisors and Senior Management" in this prospectus for further details of our Directors and Supervisors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road, Central Hong Kong
Sponsor-Overall Coordinators	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road, Central Hong Kong
Overall Coordinators	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road, Central Hong Kong **SDICS International Securities (Hong Kong) Limited** 39/F, One Exchange Square Central Hong Kong
Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong

	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road, Central Hong Kong
	SDICS International Securities (Hong Kong) Limited 39/F, One Exchange Square Central Hong Kong
Joint Bookrunners	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road, Central Hong Kong
	SDICS International Securities (Hong Kong) Limited 39/F, One Exchange Square Central Hong Kong
	Guosen Securities (HK) Brokerage Company, Limited Room 3207-3212, 32nd Floor Tower 1, Pacific Place 88 Queensway Hong Kong
	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway, Admiralty Hong Kong
	China Industrial Securities International Capital Limited 32/F, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan Hong Kong

	CMBC Securities Company Limited 45/F One Exchange Square 8 Connaught Place Central, Hong Kong
	Zhongtai International Securities Limited 19 Floor, Li Po Chun Chambers 189 Des Voeux Road Central, Hong Kong
Joint Lead Managers	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road, Central Hong Kong
	SDICS International Securities (Hong Kong) Limited 39/F, One Exchange Square Central Hong Kong
	Guosen Securities (HK) Brokerage Company, Limited Room 3207-3212, 32nd Floor Tower 1, Pacific Place 88 Queensway Hong Kong
	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway, Admiralty Hong Kong
	China Industrial Securities International Capital Limited 32/F, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan Hong Kong

CMBC Securities Company Limited
45/F
One Exchange Square
8 Connaught Place
Central, Hong Kong

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

Capital Market Intermediaries

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

SDICS International Securities (Hong Kong) Limited
39/F, One Exchange Square
Central
Hong Kong

Guosen Securities (HK) Brokerage Company, Limited
Room 3207-3212, 32nd Floor
Tower 1, Pacific Place
88 Queensway
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

China Industrial Securities International Capital Limited
32/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

	CMBC Securities Company Limited 45/F One Exchange Square 8 Connaught Place Central, Hong Kong
	Zhongtai International Securities Limited 19 Floor, Li Po Chun Chambers 189 Des Voeux Road Central Central, Hong Kong
Auditor and Reporting Accountant	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Company	*As to Hong Kong law:*
	Haiwen & Partners LLP Suites 1101-1104 11/F, One Exchange Square 8 Connaught Place, Central Hong Kong
	As to Hong Kong and U.S. laws:
	Ashurst Hong Kong 43/F Jardine House 1 Connaught Place Central, Hong Kong
	As to PRC law:
	Beijing DeHeng Law Offices 12/F Tower B, Focus Place 19 Finance Street Beijing PRC

	Jingtian & Gongcheng 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong law:* **Eric Chow & Co. in Association with Commerce & Finance Law Offices** 3401, Alexandra House 18 Chater Road, Central Hong Kong *As to PRC law:* **Jia Yuan Law Offices** F408, Ocean Plaza 158 Fuxing Men Nei Street Xicheng District, Beijing PRC
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center, 88 Puji Road Jing'an District, Shanghai PRC
Compliance Advisor	**Orient Capital (Hong Kong) Limited** 28/F-29/F 100 Queen's Road Central Central Hong Kong
Property Valuer	**AVISTA Valuation Advisory Limited** Suites 2401-06, 24/F Everbright Centre 108 Gloucester Road, Wan Chai Hong Kong
Receiving Banks	**CMB Wing Lung Bank Limited** 14/F, CMB Wing Lung Bank Building 45 Des Voeux Road, Central Hong Kong **China CITIC Bank International Limited** 80 Floor, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	Floor 3 & 4, Block B No. 177 Jinda Road, Jianxin Town Cangshan District Fuzhou, Fujian Province PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East, Wanchai Hong Kong
Company's Website	**www.hxpharma.com** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Ms. Zhang Junhuan (張俊環)** Room 306, Building 15, Jingyuanju No. 528 Lianjiang North Road, Jinan District Fuzhou, Fujian Province PRC **Ms. Chan Hiu Lam (陳曉琳)** *(member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Dr. Kang Xinshan (康心汕)** Room 106, Building 30 Jinhui Shuiyin Changtian No. 230 Jinju Road Jinshan Street, Cangshan District Fuzhou, Fujian Province PRC **Ms. Chan Hiu Lam (陳曉琳)** 40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong

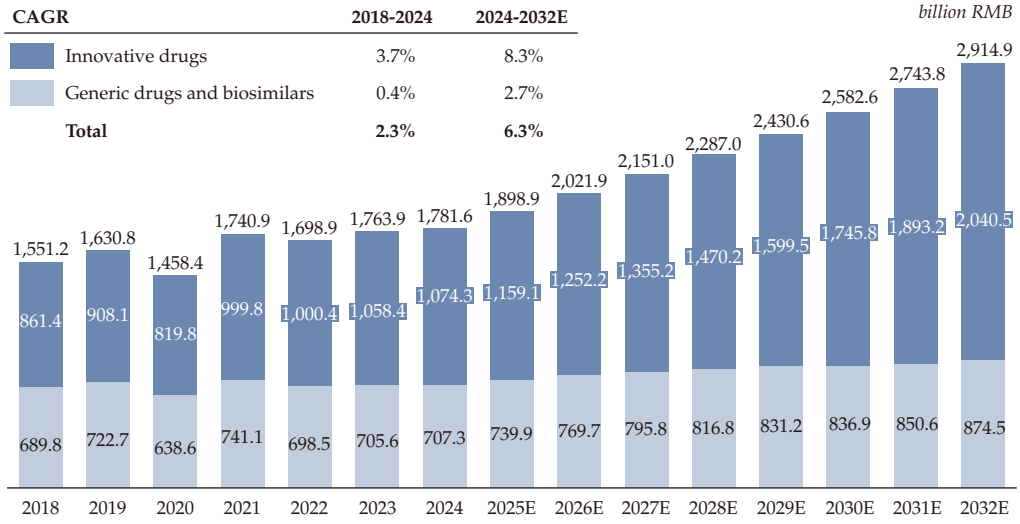
Audit Committee	**Ms. Pu Meiting (蒲美婷)** *(Chairperson)* Mr. Gong Weimin (龔為民) Ms. Wang Shan Shan (王珊珊)
Remuneration and Appraisal Committee	**Mr. Gong Weimin (龔為民)** *(Chairperson)* Dr. Kang Xinshan (康心汕) Ms. Pu Meiting (蒲美婷)
Nomination Committee	**Dr. Kang Xinshan (康心汕)** *(Chairperson)* Ms. Wang Shan Shan (王珊珊) Ms. Pu Meiting (蒲美婷)
Strategy Committee	**Dr. Kang Xinshan (康心汕)** *(Chairperson)* Ms. Feng Yan Mr. Gong Weimin (龔為民)
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Bank	**China Merchants Bank Co., Ltd.** Building 2, Zhengxiang Plaza 306 Puxiang Avenue, Jinshan Street Cangshan District Fuzhou, Fujian Province PRC

The information and statistics set forth in this section were extracted from official government publications, public market research and independent research. In particular, we engaged CIC, an independent market research and consulting company, to prepare an industry report, or the CIC Report for the Global Offering. Except as otherwise noted, all of the information contained in this section is derived from the CIC Report. We believe that the sources of the information set forth in this section 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 material 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 Joint Sponsors, the Overall Coordinators, the Underwriters, any of their respective directors, officers and advisors, or any other persons or parties involved in the Global Offering (other than CIC), and no representation is given as to its accuracy. Accordingly, the information from official governmental sources contained herein may not be accurate and should not be unduly relied upon.

OVERVIEW OF CHINA'S PHARMACEUTICAL MARKET

The size of China's pharmaceutical market in terms of sales revenue is projected to grow from RMB1,781.6 billion in 2024 to RMB2,914.9 billion in 2032, representing a CAGR of 6.3%. In particular, the market size of innovative drugs is projected to grow from RMB1,074.3 billion in 2024 to RMB2,040.5 billion in 2032, representing a CAGR of 8.3%, whereas the market size of generic drugs and biosimilars is projected to grow from RMB707.3 billion in 2024 to RMB874.5 billion in 2032, representing a CAGR of 2.7%.

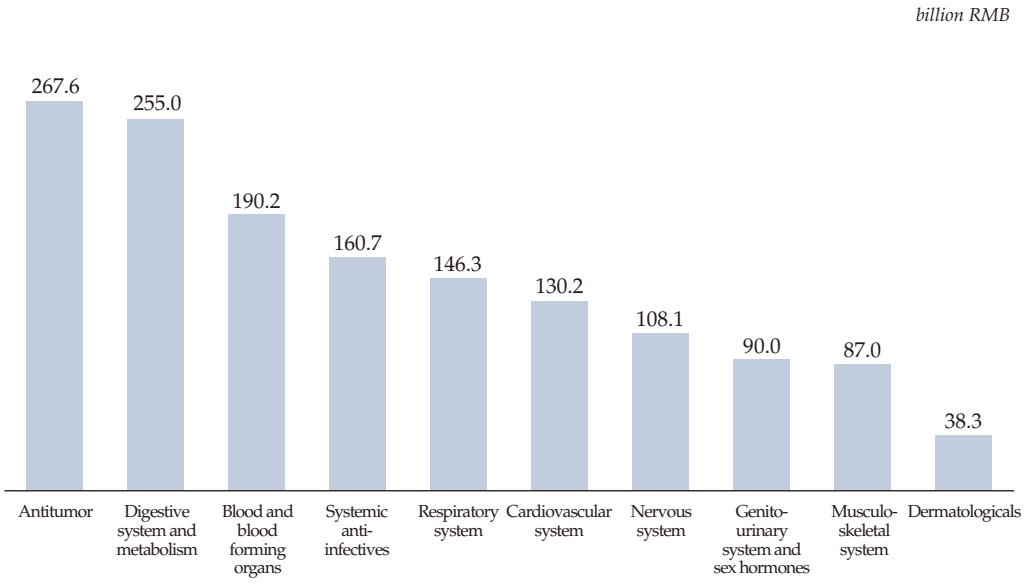
China's pharmaceutical market size, 2018-2032E



Source: WHO, National Bureau of Statistics, NHC, annual reports of relevant listed companies, CIC

In 2024, five key therapeutic areas, namely (i) antitumor, (ii) digestive system and metabolism, (iii) blood and blood forming organs, (iv) systemic anti-infectives, and (v) respiratory system, accounted for 57.2% of China's pharmaceutical market in terms of revenue, signifying immense clinical demand therein.

Top 10 therapeutic areas in terms of revenue in China, 2024



Source: National Bureau of Statistics, NHC, annual reports of relevant listed companies, CIC

Features of China's Pharmaceutical Market

China's pharmaceutical market is marked by the following features.

- *Dynamic adjustment of the NRDL:* the National Medical Insurance Administration has been carrying out the adjustments of the drug catalog for many years, and has included more new and beneficial drugs in the NRDL. For example, the 2024 version of the National NRDL has added 91 new drugs, bringing the total to 3,159, including innovative drugs and drugs for rare diseases. These adjustments have enabled more patients to enjoy medical insurance reimbursement and reduced the financial burden on patients.

- *Regulatory progresses in accelerating innovative drug review and approval process:* the National Health Commission and other departments have promoted the deepening of the reform of the drug review and approval system to improve the effectiveness of review and approval. For example, pilot projects have been carried out in Beijing, Shanghai and other places to shorten the review and approval period for clinical trials of innovative drugs from 60 working days to 30 working days.

- *Strengthening policy support for drug R&D for rare diseases:* the government has introduced a series of policies related to rare diseases to address the urgent medical needs of patients with rare diseases, encouraging the import, research and development, and production of rare disease drugs, and accelerating the registration review and approval process. In December 2024, the state council further stressed that exemptions or reductions in clinical trial requirements of innovative drugs and medical devices designated for the treatment of rare diseases that qualify under specific conditions should be granted.

Drivers and Trends of China's Pharmaceutical Market

China's pharmaceutical industry is undergoing significant transformation, driven by several key forces and emerging trends that are reshaping the landscape of drug development and healthcare delivery.

Aging population and health awareness

China's rapidly aging population is a major driving force underlying the growth of the pharmaceutical market. As the demographic shifts, there is an inevitable rise in the prevalence of chronic diseases, necessitating a greater demand for effective pharmaceutical treatments. According to the International Agency for Research on Cancer's (IARC) report, there were 20 million new cancer cases globally in 2023, with lung and breast cancers being the most prevalent. This increasing incidence of chronic conditions is prompting a heightened awareness of health among the population. As living standards improve, patients are more inclined to seek early diagnosis and opt for medications that offer better efficacy and fewer side effects, further stimulating market growth.

Advancements in technology and research

Technological advancements are revolutionizing drug design and production, enabling the development of innovative drugs and hard generic drugs with enhanced efficacy and safety profiles. Breakthroughs such as antibody-drug conjugates and small molecule drugs, including kinase inhibitors and epigenetic inhibitors, are expanding therapeutic options, particularly in oncology. Additionally, the integration of artificial intelligence (AI) and computer-assisted drug development is becoming mainstream, facilitating more efficient drug discovery processes. Emerging technologies like PROTAC (Proteolysis Targeting Chimeras), allosteric modulators, and deuterated drugs are also gaining traction, promising to enhance therapeutic outcomes.

Increased investment in R&D

There is a notable increase in R&D investments from pharmaceutical and biotechnology companies. These investments are crucial for exploring new therapeutic targets and improving the efficacy of existing treatments. Collaborations between pharmaceutical companies and academic institutions are becoming more common, leveraging complementary expertise to accelerate the development and commercialization of innovative drugs and hard generic drugs. Such partnerships are essential for enhancing the drug discovery process and bringing new therapies to market more efficiently.

Supportive policies for drug development

In recent years, a series of policies have been released to encourage China's pharmaceutical companies to develop advanced generics. For example, the release of the Opinions of the General Office of the State Council on Reforming and Improving the Supply Guarantee and Use Policy of Generic Drugs (《國務院辦公廳關於改革完善仿製藥供應保障及使用政策的意見》) and the promotion of VBP schemes have played a significant role. Under these favorable circumstances, domestic generics of cinacalcet have experienced extraordinary growth in market share. As more generics enter the market, cinacalcet has become more accessible to patients, leading to rapid market expansion. In addition, the National Health Commission released the Encouragement for Generic Drug Catalog (《鼓勵仿製藥品目錄》) and announced that the catalog would be dynamically adjusted. This demonstrates the government's strong emphasis on the R&D and production of certain generic drugs.

The Opinions of the General Office of the State Council on Reforming and Improving the Supply Guarantee and Use Policy of Generic Drugs emphasize that generic drugs should be oriented toward clinical needs and encourage the development of generic versions of products that are clinically necessary but in short supply. Under this policy framework, the market share previously dominated by the original manufacturer in the cinacalcet market has been significantly diluted by domestic producers, including the Company. The Company was among the first to introduce generic versions of cinacalcet to the market, thereby gaining a first-mover advantage.

The VBP scheme is a normalized procurement policy aimed at purchasing large quantities of medications at reduced prices through centralized tendering. This mechanism enables new market entrants, such as the Company, to capture a significant portion of the market share within a very short period.

The Chinese government has also implemented several policies aimed at fostering the development of innovative drugs. Recent initiatives include optimizing the review and approval processes for new drugs, promoting medical insurance coverage, and encouraging investment and financing in the pharmaceutical sector. Notable policy documents, such as the "14th Five-Year Plan for the Development of the Pharmaceutical Industry (《「十四五」醫藥工業發展規劃》)" and guidelines for clinical trials supporting oncology drug applications, reflect the government's commitment to enhancing innovation capabilities. The Implementation Plan for Full-chain Support for Innovative Drug Development (《全鏈條支持創新藥發展實施方案》) was released to provide support across the entire value chain, including R&D, market approval, production, use, payment, and investment/financing. Against this backdrop, innovative drug companies, including the Company, are expected to benefit from accelerated market access, reduced development costs, and higher returns on investment.

By 2025, a new Class C National Reimbursement Drug List (《丙類醫保藥品目錄》) is expected to be introduced as a supplement to the basic NRDL (covering Class A and B drugs). This new list will include highly innovative drugs with significant clinical value and patient benefits. As a result, innovative drugs such as C019199 are poised to experience rapid commercialization and expanded patient access. These policies are expected to accelerate R&D efforts, improve the commercialization success rate of new drugs, and promote the high-quality development of the pharmaceutical industry.

OVERVIEW OF CHINA'S DIGESTIVE SYSTEM DISEASE MARKET

The digestive system is one of the most complex systems in the human body, responsible for the digestion of food. It can be divided into two main components: the digestive tract and the digestive glands. The digestive tract is a continuous channel extending from the mouth to the anus, encompassing the oral cavity, pharynx, esophagus, stomach, small intestine, and large intestine. Each part of the digestive tract, lined with different types of epithelial cells, plays a unique role in the digestive process. The digestive glands, which include the salivary glands, liver, pancreas, and various smaller glands within the digestive tract, secrete digestive enzymes essential for breaking down food.

Common digestive system diseases include functional gastrointestinal disorders (FGIDs), inflammatory digestive diseases, peptic ulcers, and digestive system tumors. In 2024, approximately 493.1 million people in China were affected by digestive system diseases, and such number is projected to increase to 538.9 million in 2032. Due to the prevalence of digestive system diseases, the market size of drugs for digestive system diseases in China in terms of sales revenue was RMB105.8 billion in 2024.

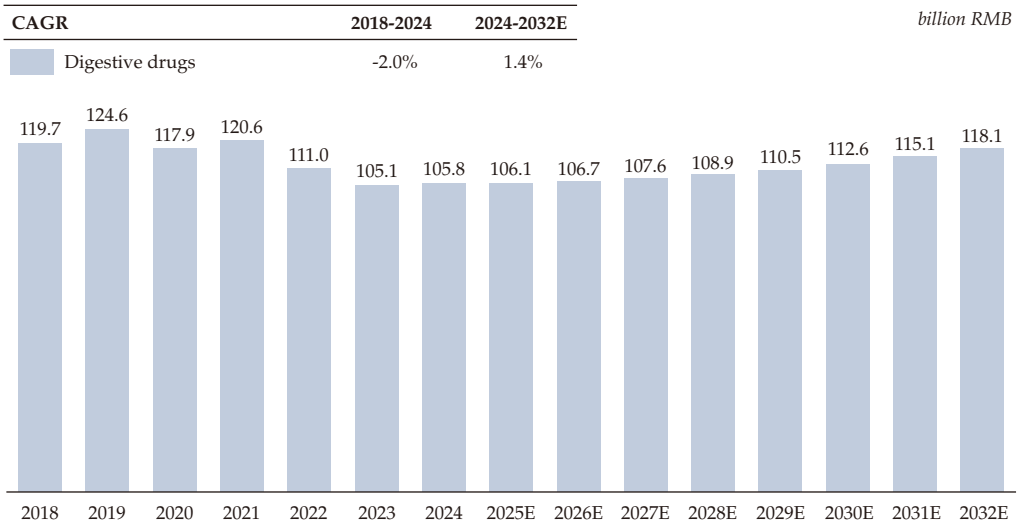
The most commonly used treatment for a variety of digestive system diseases is the application of gastrointestinal excitomotors, which are drugs that enhance gastrointestinal motility. Currently a series of gastrointestinal excitomotors have been approved, including domperidone, mosapride, metoclopramide, and itopride.

Mosapride was initially developed in 1998 by Sumitomo Pharmaceutical Company and has since been approved for the treatment of functional gastrointestinal disorders (FGID) and gastroesophageal reflux disease (GERD). As a potent gastroprokinetic drug with minimal adverse drug reactions, it is now widely used among patients with these conditions. Mosapride acts as a 5-HT4 agonist (with weak 5-HT3 antagonistic effects) in the human body and promotes the secretion of acetylcholine, a key neurotransmitter in stimulating gastrointestinal motility.

After receiving approval from the NMPA in 1999, numerous pharmaceutical companies in China have developed generic versions of mosapride. As of the Latest Practicable Date, seven companies had passed or had been regarded as having passed the consistency evaluation, with our Company being the first. The market size of mosapride in China in terms of sales revenue decreased from RMB1,302.3 million in 2018 to RMB567.5 million in 2024, primarily because generics of mosapride were selected in the Fourth National VBP Scheme in 2021, leading to a sharp reduction in unit price, and is projected to increase to RMB853.2 million in 2032, representing a CAGR of 5.2%.

The market size of digestive system drugs in China in terms of sales revenue decreased from RMB119.7 billion in 2018 to RMB105.8 billion in 2024, primarily attributable to the significant drug price decline following the implementation of volume-based procurement, and is projected to increase to RMB118.1 billion in 2032, representing a CAGR of 1.4%.

Market size of digestive system drugs in China, 2018-2032E



Source: National Bureau of Statistics of China, NHC, NHSA, NRDL, China Gastrointestinal Health Expert Group, CIC

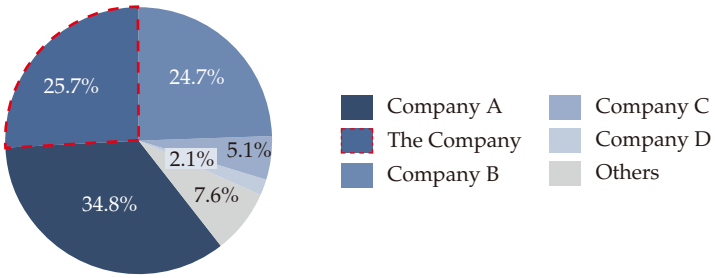
Notes:

(1) The implementation of national VBP policy since 2018 has had a significant impact on the digestive system drug market size. For instance, six out of seven commonly used proton pump inhibitors (PPIs) were included in the policy during separate years from 2020 to 2023. This drastic price reduction has led to a decline in market size, with a CAGR of -2.6% from 2018 to 2023.

(2) The prevalence rate of digestive system diseases has shown a trend toward stabilization and is expected to remain consistent throughout the forecast period. Accompanied by enhanced disease control measures, the demand for treatments related to digestive system diseases may gradually stabilize, resulting in a slight positive CAGR for the market size moving forward.

In 2021, generics of mosapride tablet from three companies, including our Company's Anbili (安必力®), were selected in the Fourth National VBP Scheme, after which these three companies emerged as key players in the mosapride market and experienced remarkable growth in market size. In 2024, these three companies accounted for approximately 85.2% of the total market share of mosapride in China in terms of sales revenue. The following chart sets forth their respective market share as well as our position in the ranking:

Market share of mosapride in China, 2024



Source: annual reports of relevant listed companies, NHSA, CIC

The following table sets forth additional details of main market players of mosapride in China.

Summary of main players of mosapride in China, 2024

Company	Active ingredient	VBP inclusion	Efficacy	Side effect	Unit price trends (CAGR between 18-24)
Company A	Mosapride Citrate (5 mg)	Since 2021/02	The product can serve as gastrointestinal excitomotor, relieving digestive manifestations including belching, nausea, vomiting, etc.	Mainly diarrhea, thirst, discomfort, and abnormalities in laboratory tests	-15.7%
The Company		Since 2021/02			-21.5% (2020-2024)
Company B		Since 2021/02			-6.7%
Company C		/			-5.6%
Company D		/			-5.7%

Source: NMPA; Drug instructions; China Insights Consultancy

Notes:

1. Company A, a listed company headquartered in Sichuan Province, researches, develops, manufactures, and distributes medicines for ophthalmic, central nervous, digestive and endocrine systems.
2. Company B, headquartered in Shandong Province, is an integrated pharmaceutical group of producing, researching and selling traditional Chinese medicine, chemical medicine and bio-pharmaceutical medicinal products.
3. Company C, a listed company headquartered in Shanxi Province, includes more than 300 kinds of TCM, APIs, patches and pharmaceutical packaging materials.
4. Company D, founded in 1897 and headquartered in Osaka, Japan, is a multinational pharmaceutical company focusing on oncology, psychiatry, neurology, women's health issues, urological diseases, etc.

The key market drivers of mosapride market in China are set forth below.

- **Population aging.** According to data from the National Bureau of Statistics, in 2023, China had over 200 million individuals aged 65 and above, accounting for more than 15% of the total population. The increasing proportion of the aging population will lead to a greater demand for medical resources, which may also contribute to the expansion of the digestive system drug market.

- **Rising prevalence of digestive system diseases.** With the accelerated pace of life and changes in dietary habits, the Chinese population is facing an increased threat from digestive system diseases. The growing prevalence of these conditions will drive steady growth in the market for mosapride.

- **Enhanced health awareness.** There is a growing emphasis on personal health among individuals. As health awareness improves, patients are increasingly inclined to seek professional medical advice at the earliest opportunity. Those who previously ignored mild gastrointestinal discomforts are now more likely to pursue drug treatment, thereby driving growth in the digestive drug market.

The main entry barriers of mosapride market in China are set forth below.

- **Strict regulation.** The manufacturing of medications in China is subject to stringent regulations, including Good Manufacturing Practice (GMP) certification, drug registration, and consistency evaluation, all governed by multiple laws and regulations. This strict administration in the pharmaceutical industry represents a significant entry barrier to the digestive system drug market.

- **Competitive pressure.** Mosapride was included in the VBP scheme in 2021, resulting in bid-winning enterprises capturing the majority of market share. With the ongoing implementation of the VBP schemes, new entrants will face increasingly intense competition, making it challenging for them to secure a substantial market share.

- **R&D capability.** The research and development of medications necessitate robust R&D capabilities, which serve as a primary entry barrier to the market.

OVERVIEW OF CHINA'S CARDIOVASCULAR DISEASE MARKET

The cardiovascular system is one of the most crucial systems in the human body, responsible for distributing nutrients and collecting metabolites from cells. It consists of the heart and blood vessels. The heart, the most vital organ in the body, includes four chambers. The coordinated expansion and contraction of these chambers power the circulation of blood. Blood vessels are categorized into arteries, veins, and capillaries. Continuous blood flow within these vessels plays a central role in the body's metabolism. Common cardiovascular diseases include hypertension, cardiac dysfunction and coronary heart disease (CHD).

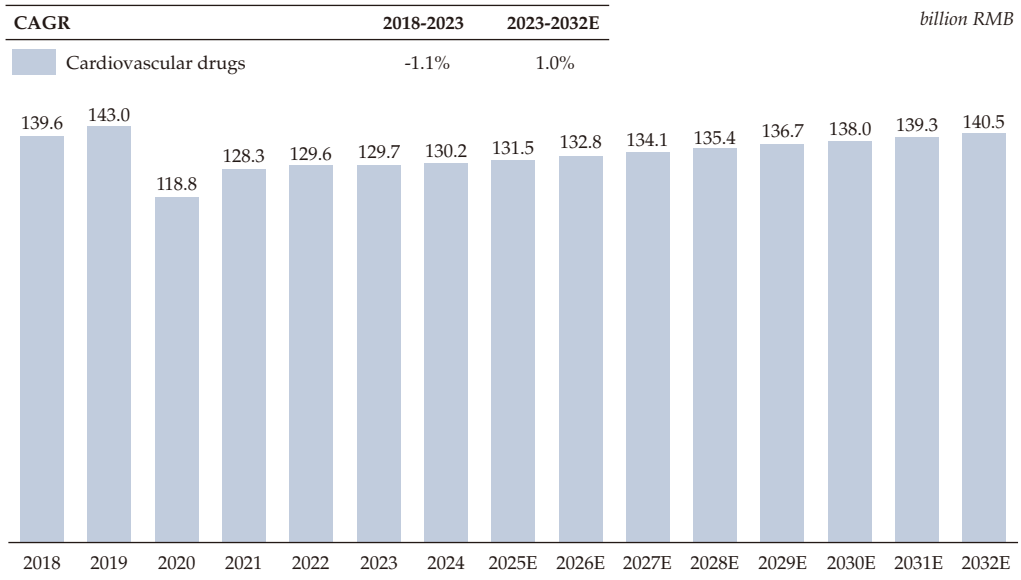
Hypertension, commonly known as high blood pressure, is a chronic cardiovascular condition that may lead to severe complications, including damage to the blood vessel lining and, in some cases, cerebral hemorrhage. It often begins subtly and requires long-term lifestyle management to mitigate its effects. Most cases of hypertension are classified as primary hypertension, which has no identifiable cause. Approximately 5% of cases, caused by specific diseases, are categorized as secondary hypertension. Hypertension is a critical risk factor for other chronic diseases because it can damage the vascular endothelium throughout the body, impairing the function of essential organs such as the brain, heart, and kidneys.

Cardiac dysfunction refers to the impaired ability of the heart to pump blood effectively, which can lead to various cardiovascular problems. It encompasses a range of conditions that affect the heart's structure and function, resulting in inadequate blood flow to meet the body's needs. As the condition worsens, the exercise capacity of cardiac dysfunction patients could be severely damaged.

Coronary atherosclerotic heart disease (CAHD), often referred to as coronary artery disease (CAD) or coronary heart disease (CHD), is a condition characterized by the buildup of plaque (a mixture of fat, cholesterol, and other substances) in the coronary arteries. This buildup narrows the arteries and restricts blood flow to the heart muscle, which can lead to various cardiovascular problems.

In 2024, approximately 146.9 million people in China were affected by cardiovascular diseases, and such number is projected to increase to 187.4 million in 2032. The market size of drugs for cardiovascular diseases in China in terms of sales revenue decreased from RMB139.6 billion in 2018 to RMB130.2 billion in 2024, primarily because of the limited access to medical institutions resulted from public health incidence, and is projected to increase to RMB140.5 billion in 2032, representing a CAGR of 1.0%.

Market size of cardiovascular system drugs in China, 2018-2032E



Source: NHSA, annual reports of relevant listed companies, CIC

Notes:

(1) The market size of cardiovascular system drugs in China experienced a sharp decrease during the lockdowns and restrictions of COVID-19, primarily due to reduced patient visits to healthcare facilities and limited drug deliveries. However, the market bounced back in 2021 and has shown stable growth since then.

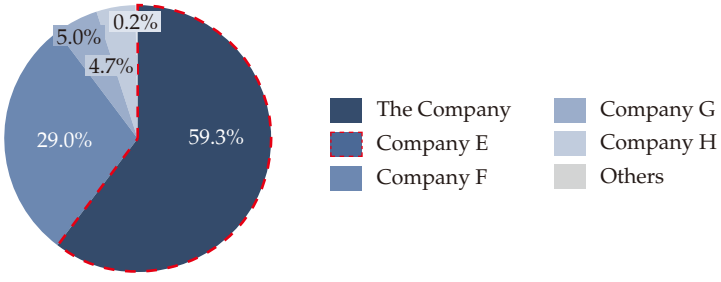
(2) Cardiovascular diseases are typically long-term conditions that require ongoing medication throughout a patient's life. With the aging population and an increasingly unhealthy diet, the prevalence of cardiovascular diseases is expected to rise steadily. Consequently, the market size is anticipated to return to historical levels and continue growing.

To treat cardiovascular diseases, two compounds are commonly used, namely amlodipine and atorvastatin. Amlodipine is a calcium channel blocker that helps relax and widen blood vessels, making it easier for the heart to pump blood, which is primarily used to treat hypertension and angina. Atorvastatin is a statin medication that works by reducing the levels of cholesterol and triglycerides in the blood, which helps lower the

risk of heart disease, heart attacks, and strokes by improving cholesterol levels. In 2024, the market size of amlodipine besilate and atorvastatin calcium in China in terms of sales revenue decreased from RMB644.2 million in 2018 to RMB509.7 million in 2024, as notwithstanding the increased sales volume, the price of the relevant drugs decreased in 2024 after they were included in the VBP schemes. The market size of amlodipine besilate and atorvastatin calcium in China is projected to increase to RMB701.8 million in 2032, representing a CAGR of 3.8%.

In 2023, a single manufacturer of amlodipine besilate and atorvastatin calcium tablet had dominant market position, accounting for approximately 73.4% of the total market share of amlodipine besilate and atorvastatin calcium in China in terms of sales revenue. Nevertheless, in 2021, generics of amlodipine besilate and atorvastatin calcium tablet from four companies, including our Company's Haihuitong (海慧通®), were selected in the Eighth National VBP Scheme, after which these four companies experienced noticeable growth in market size. The following chart sets forth their respective market share as well as our position in the ranking in 2024:

Market share of amlodipine and atorvastatin calcium (5mg/10mg) in China, 2024



Source: annual reports of relevant listed companies, NHSA, CIC

The following table sets forth additional details of main market players of Amlodipine (5mg) and Atorvastatin calcium (10mg) in China.

Summary of main players of amlodipine and atorvastatin calcium (5mg/10mg) in China, 2024

Company	Active ingredient	VBP inclusion	Efficacy	Side effect	Unit price trends (CAGR between 18-24)
The Company	Amlodipine (5 mg) Atorvastatin calcium (10 mg)	Since 2023/04	Being a compound preparation of amlodipine and atorvastatin calcium, the product can be applied as blood pressure and blood lipid stabilizer	Mainly infection, allergy, and abnormalities in laboratory tests, with no specific side effect observed	-32.6% (2022-2024)
Company E		/			-8.6%
Company F		Since 2023/04			-23.7% (2021-2024)
Company G		Since 2023/04			-22.7% (2021-2024)
Company H		Since 2023/04			-22.2% (2021-2024)

Source: NMPA; Drug instructions; China Insights Consultancy

Notes:

1. Company E, founded in 2012 and headquartered in Shanghai, supplies over 60 products to the China's market, covering anti-tumor, anti-infection, cardiovascular, etc.

2. Company F, headquartered in Beijing, a subsidiary of China Resources Group, is an enterprise integrating pharmaceutical production, R&D and marketing.

3. Company G, headquartered in Jiangsu Province, is a multinational pharmaceutical company with integrated R&D, manufacturing, marketing, sales and distribution capabilities. It is a subsidiary of a public listed pharmaceutical company.

4. Company H, founded in 1998 and headquartered in Beijing, is one of the leading players in China's cardiovascular drug market.

The key market drivers of amlodipine and atorvastatin calcium market in China are set forth below.

- **Population aging.** As the health status of the cardiovascular system tends to deteriorate with age, the prevalence of cardiovascular diseases (CVD) is expected to increase rapidly due to the aging population. This trend will further drive the growth of the cardiovascular drug market in China.

- **High-fat diet.** With advancements in the economy and agricultural technology, dietary habits are shifting towards a higher fat intake, which is a significant risk factor for various cardiovascular diseases, including coronary heart disease, hypertension, and cardiac dysfunction. This dietary shift can elevate the incidence of cardiovascular diseases not only among the aging population but also in younger individuals, thereby propelling rapid market growth.

- **The development of early diagnosis of CVD.** With the advancement of innovative diagnostic technologies, it is now possible to diagnose cardiovascular diseases at earlier stages, encouraging more patients to seek medication treatment. This shift is driving the growth of the amlodipine and atorvastatin calcium markets in China.

The main entry barriers of amlodipine and atorvastatin calcium market in China are set forth below.

- **Technology barrier.** Patients with cardiovascular diseases often require long-term medication. Given this need, amlodipine and atorvastatin calcium products must maintain stable efficacy and pharmacological characteristics across different batches. Additionally, it is essential to control the plasma concentration of these medications at appropriate levels throughout the day, highlighting the importance of sustained release technology in drug formulation. The necessity for advanced pharmaceutical technology serves as a significant entry barrier to the amlodipine and atorvastatin calcium market in China.

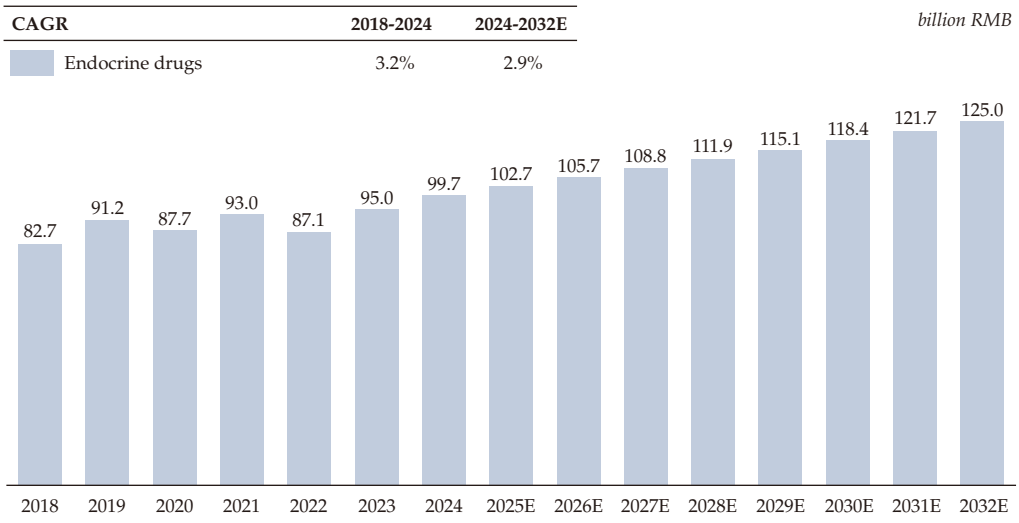
- **Competitive pressure.** As established medications, many pharmaceutical companies have introduced their own versions of amlodipine and atorvastatin calcium. The market is predominantly occupied by a multitude of generic enterprises, creating substantial barriers for new entrants.

OVERVIEW OF CHINA'S ENDOCRINE SYSTEM DISEASE MARKET

The endocrine system comprises a network of endocrine glands and tissues distributed throughout the human body. Common endocrine glands and tissues include the hypothalamus, pituitary gland, thyroid, parathyroid, pancreas and gonads, among others. Each gland or tissue secretes different hormones into the bloodstream, which play crucial roles in maintaining homeostasis. Target cells equipped with relevant receptors can detect and respond to the biological signals from these hormones. Both excessive (up-regulation) and insufficient (down-regulation) hormone production can disrupt internal homeostasis, leading to various disorders. Parathyroid glands are small endocrine glands located on both sides of the anterolateral trachea, positioned behind the thyroid gland. Typically, each person has four parathyroid glands, appearing in pairs on each side, with each gland weighing approximately 35-50 mg. These glands secrete parathyroid hormone (PTH), which is crucial for maintaining the balance of calcium and phosphorus within the body. Elevated levels of parathyroid hormone can lead to conditions such as hypercalcemia, osteoporosis, and renal calculi. Secondary hyperparathyroidism (SHPT) often results from prolonged hypocalcemia due to various factors, including renal insufficiency, osteomalacia, and intestinal malabsorption, which are among the most common causes.

In 2024, approximately 167.4 million people in China were affected by endocrine system diseases, and such number is projected to increase to 179.8 million in 2032. The market size of drugs for endocrine system diseases in China in terms of sales revenue increased from RMB82.7 billion in 2018 to RMB99.7 billion in 2024, representing a CAGR of 3.2%, and is projected to increase to RMB125.0 billion in 2032, representing a CAGR of 2.9%.

Market size of endocrine system drugs in China, 2018-2032E



Source: NHSA, annual reports of relevant listed companies, CIC

Notes:

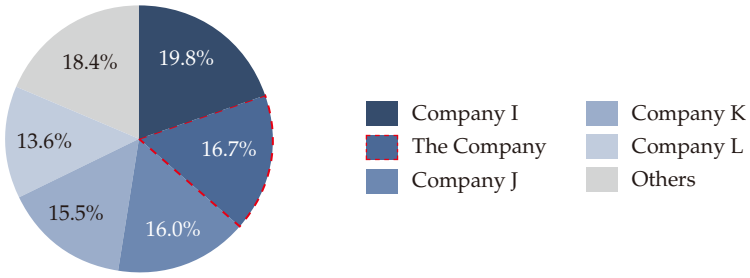
(1) Endocrine diseases are disorders that occur when the endocrine system, responsible for producing and regulating hormones, does not function properly. This includes conditions such as diabetes mellitus and thyroid disorders. It is anticipated that endocrine system diseases will remain a significant health issue for modern citizens in China over the next few decades, as the prevalence of common endocrine disorders is closely linked to aging and increasingly unhealthy lifestyles.

(2) Advancements in diagnostic methods are expected to enhance the diagnosis rates of chronic endocrine diseases, thereby driving market growth.

A common treatment for endocrine system diseases is the application of cinacalcet, a type of calcimimetic agent that can simulate calcium's activation upon extracellular calcium-sensing receptor (CaSR), which is an effective treatment of secondary hyperparathyroidism as it can activate CaSR and block the parathyroid hyperplasia through negative feedback regulation. Cinacalcet was the first calcimimetic agent approved globally and has been widely applied among chronic kidney disease patients. In 2024, the market size of cinacalcet in China in terms of sales revenue increased from RMB96.9 million in 2018 to RMB287.2 million in 2024, representing a CAGR of 19.9%, and is projected to increase to RMB576.2 million in 2032, representing a CAGR of 9.1%.

In 2021, generics of cinacalcet from four companies, including our Company's Ruiantuo (瑞安妥®), were selected in the Fifth National VBP Scheme, after which these four companies emerged as key players in the cinacalcet market and experienced remarkable growth in market size. The following chart sets forth the respective market share of the key players in the cinacalcet market in China in 2024 as well as our position in the ranking:

Market share of cinacalcet in China, 2024



Source: annual reports of relevant listed companies, NHSA, CIC

The following table sets forth additional details of main market players of cinacalcet in China.

Summary of main players of cinacalcet in China, 2024

Company	Active ingredient	VBP inclusion	Efficacy	Side effect	Unit price trends (25 mg) (CAGR between 18-24)
Company I	Cinacalcet Hydrochloride (25/75 mg)	Since 2021/06	The product can be used for the stabilization of iPTH and calcium level in serum	Mainly gastrointestinal symptoms, hypocalcemia, and QT interval prolongation	-43.2% (2020-2023)
The Company		Since 2021/06			0.0% (2021-2024)
Company J		Since 2021/06			0.0% (2021-2024)
Company K		Since 2021/06			0.0% (2021-2024)
Company L		/			-8.7%

Source: NMPA; Drug instructions; China Insights Consultancy

Notes:

1. Company I, founded in 2018 and headquartered in Hebei Province, is a pharmaceutical group integrating innovative R&D, production and professional marketing.

2. Company J, founded in 1995 and headquartered in Beijing, focuses on providing solutions of cardiovascular diseases, rare diseases, liver diseases, etc.

3. Company K, founded in 1995 and headquartered in Jiangsu Province, focused on the R&D of nephrology and cardio-cerebrovascular therapeutic areas.

4. Company L, headquartered in Tokyo, Japan, was founded in 1949. It is dedicated to the R&D, production, and sales of new drugs primarily for the treatment of cancer and kidney diseases.

The key market drivers of cinacalcet market in China are set forth below.

- **Growing prevalence of SHPT.** It is projected that the number of patients with secondary hyperparathyroidism (SHPT) relying on maintenance dialysis in China will exceed one million by 2032, with a compound annual growth rate (CAGR) of 6.1% from 2023. As the prevalence of SHPT continues to rise steadily, the demand for cinacalcet will correspondingly increase.

- **Policy support.** A number of policies have been implemented in recent years to encourage China's pharmaceutical companies to develop advanced generics. Notable initiatives include the release of the "Encouragement for Generic Drug Catalog (《鼓勵仿製藥品目錄》)", the promotion of the VBP scheme, and the introduction of consistency evaluation policies. In this favorable environment, domestic generics of cinacalcet have experienced significant growth in market share. As more generics enter the market, cinacalcet becomes increasingly accessible to patients, driving rapid market expansion.

- **Expanding indications.** Cinacalcet is effective in stabilizing serum calcium levels and can be widely applied to patients with calcium level disorders. Clinical trials have demonstrated cinacalcet's therapeutic effects in patients with primary hyperparathyroidism (PHPT) who are not suitable candidates for surgery. With further validation from ongoing clinical trials, the expanding indications are expected to drive market growth.

The main entry barriers of cinacalcet market in China are set forth below.

- **Technology barrier.** Cinacalcet is prescribed to patients suffering from severe calcium metabolic disorders due to kidney dysfunction, often necessitating long-term medication. As a result, cinacalcet products must maintain stable efficacy and pharmacological characteristics, creating significant technological barriers for new entrants to the market.

- **Competitive pressure.** Cinacalcet was included in the VBP scheme in 2021, leading to bid-winning enterprises capturing the majority of market share. Additionally, more than ten cinacalcet products have been approved in China. Consequently, new entrants will face increasingly intense competitive pressure, making it challenging to secure a substantial market share.

- **R&D capability.** The development of cinacalcet requires a deep understanding of the physiological mechanisms of calcium-sensitive receptors, which imposes higher demands on the R&D capabilities of enterprises compared to traditional drugs.

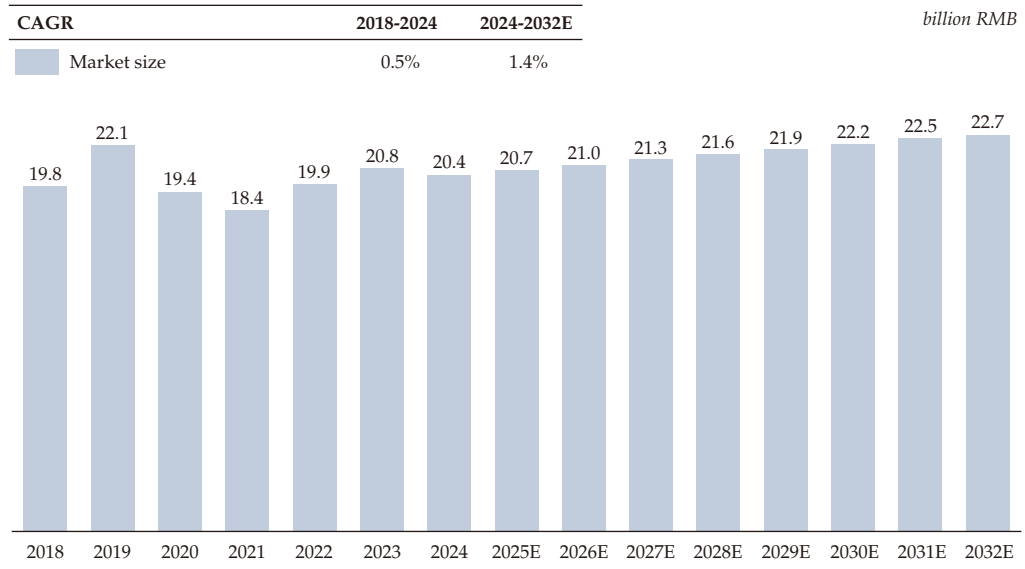
OVERVIEW OF CHINA'S INFLAMMATORY DISEASE MARKET

Inflammatory response, or inflammatory reaction, is a protective response involving immune cells, blood vessels, and molecular mediators. When the body is infected or damaged by stimuli (such as pathogens, damaged cells, and irritants), the inflammatory response is initiated by the host immune response to fight against danger signals. It isolates the infected and damaged parts and attempts to restore the body's balance, involving the regeneration process of the body's balance, such as wound healing and resistance to pathogens.

Rheumatism is one of the most common inflammatory diseases, also known as rheumatic disease or rheumatic disorder. It refers to a class of diseases that invade "joints" or "soft tissues around joints" and cause chronic pain; the damaged tissues include: bones, cartilage, muscles, tendons, ligaments, fascia, and other intrinsic connective tissues. Its symptoms often occur intermittently. Rheumatic diseases mainly include but not limited to rheumatoid arthritis, Gouty arthritis, Lupus erythematosus, etc.

In 2024, approximately 212.3 million people in China were affected by rheumatic diseases, and such number is projected to increase to 246.9 million in 2032. The market size of drugs for rheumatic diseases in terms of sales revenue increased from RMB19.8 billion in 2018 to RMB20.4 billion in 2024, representing a CAGR of 0.5%, and is projected to increase to RMB22.7 billion in 2032, representing a CAGR of 1.4%.

Market size of anti-rheumatic drugs in China, 2018-2032E



Source: Chinese Journal of Rheumatology, NMPA, CIC

Notes:

(1) The market size of anti-rheumatic drugs in China experienced fluctuations during 2020 to 2022 due to COVID-19. However, it grew steadily to RMB20.4 billion in 2024 and is expected to reach RMB23.5 billion by 2032. The prevalence of chronic rheumatic diseases is estimated to remain stable.

(2) Meanwhile, current treatment options, including traditional chemical drugs and biologics, are well-developed and relatively mature. Therefore, the overall market size is expected to experience stable and slight growth.

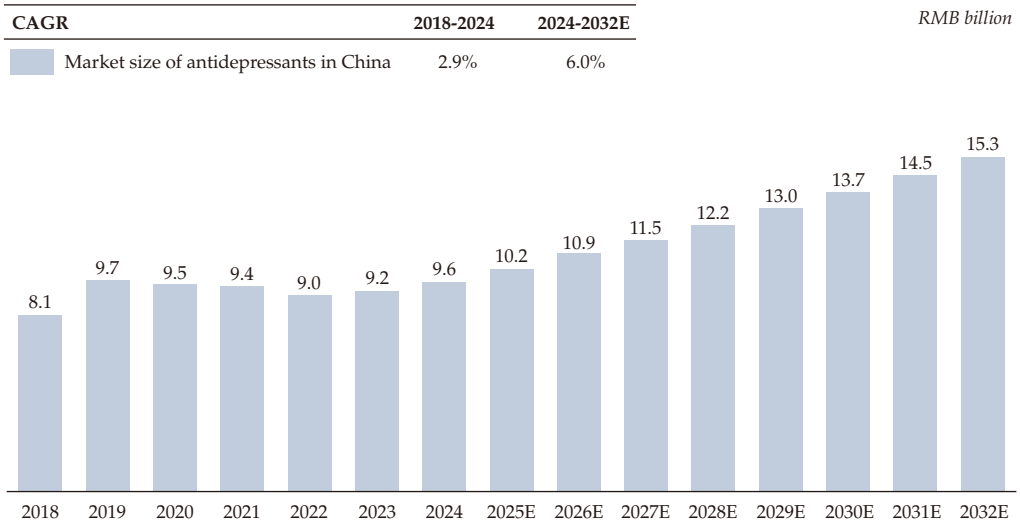
OVERVIEW OF CHINA'S NERVOUS SYSTEM DISEASE DRUG MARKET

Nervous system diseases mainly include neurodegenerative diseases, head- and spinal cord-related diseases caused by injury, neurodevelopmental disorders, and neuropsychiatric diseases. The common types include depressive disorder, Huntington's disease, Parkinson's and Alzheimer's, etc. The prevalence of nervous system diseases in China has steadily increased from 429.6 million in 2018 to 457.5 million in 2024, representing a CAGR of 1.1% and is expected to further increase to 495.4 million by 2032 at a CAGR of 1.0%.

Depressive disorder refers to a group of mental disorder characterized by a dysphoric mood and a loss of interest and pleasure, with or without illusion, delusion, and agitation symptoms. The etiology of depressive disorder involves genetic, biochemical, electrophysiological, and psychosocial factors. The prevalence of depressive disorder in China has steadily increased from 48.2 million in 2018 to 50.7 million in 2024, representing a CAGR of 0.8% and is expected to further increase to 52.6 million by 2032 at a CAGR of 0.5%.

Medication therapy is the preferred treatment for depressive disorder, targeting biochemical disruptions with various approved options. First-line medications, known for their efficacy and safety, include drugs modulating 5-HT, NE, or dopamine levels, such as escitalopram, mianserine, trazodone, and agomelatine. Second-line treatments, including tricyclic (TCAs) and tetracyclic antidepressants (TeCAs) like amitriptyline and clomipramine, are associated with lower compliance and safety. Third-line options, such as monoamine oxidase inhibitors (MAOIs), are reserved for patients unresponsive to other medications due to their safety concerns, compliance issues, and dietary restrictions. The market size of antidepressants in China increased from RMB8.1 billion in 2018 to RMB9.6 billion in 2024 at a CAGR of 2.9%, and is expected to grow to RMB15.3 billion by 2032 at a CAGR of 6.0%.

Market size of antidepressants in China, 2018-2032E



Source: National Bureau of Statistics of China, NHC, NHSA, NRDL, The Lancet Psychiatry, CIC

Notes:

(1) The market size of antidepressants in China has remained stable, primarily due to lagging awareness and underdiagnosis of depression, as well as relatively strict policy controls over psychotropic drugs. However, there are signs of potential growth in the coming years.

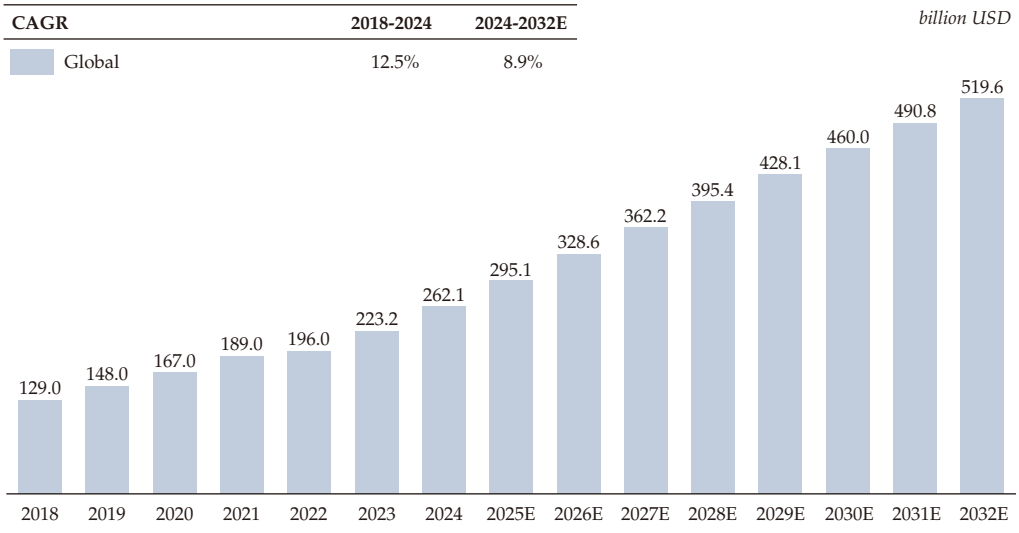
(2) As societal attitudes and healthcare systems evolve, the diagnosis and treatment rates for depression are expected to increase, alongside the introduction of more effective and safer new medications. This could lead to significant growth potential for the market in the future.

OVERVIEW OF GLOBAL INNOVATIVE ONCOLOGY DRUG MARKET

The global oncology drug market is a sector of the pharmaceutical market focusing on the discovery and commercialization of medicines for the treatment of cancer. The global oncology drug market has expanded significantly in the past, and is projected to further expand at an accelerated pace. Growth in the global oncology drug market is primarily driven by a growing patient pool, development of advanced treatment options such as precision oncology and immuno-oncology as well as combination therapies, improved access to therapies and rise of small- and mid-sized pharmaceutical companies.

The global oncology drug market has experienced rapid growth in terms of sales revenue from US$129.0 billion in 2018 to US$262.1 billion in 2024, representing a CAGR of 12.5%, and is expected to reach US$519.6 billion by 2032, representing a projected CAGR of 8.9%.

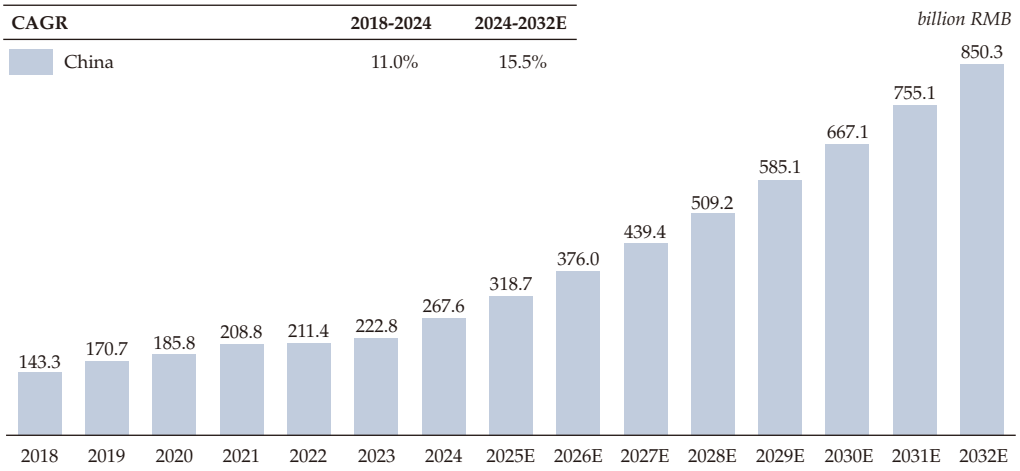
Global oncology drug market size, 2018-2032E



Source: ASCO, WHO, NHC, annual reports of relevant listed companies, CIC

From 2018 to 2024, China's oncology drug market saw a steady expansion in terms of sales revenue, rising from RMB143.3 billion in 2018 to RMB267.6 billion in 2024, representing a CAGR of 11.0%. It is expected to reach RMB850.3 billion by 2032, representing a robust CAGR of 15.5%.

China oncology drug market size, 2018-2032E



Source: National Bureau of Statistics, NHC, annual reports of relevant listed companies, Chinese of Society of Clinical Oncology (CSCO), CIC

There are still unmet clinical needs in oncology treatment in China. Specifically, while advanced cities provide cutting-edge therapies like precision medicine and immunotherapies, less developed regions suffer from outdated treatments and high costs, leading to lower survival rates of cancer patients. The adoption of personalized medicine remains slow, hindered by reliance on standardized guidelines and evolving regulatory frameworks. The financial burden on patients and their families is severe despite expanded reimbursement, and indirect costs exacerbate their distress. Additionally, inconsistent treatment protocols across regions prevent the standardization of care and complicate effective evaluation of treatment outcomes.

Entry Barriers of the Global Oncology Market

Companies attempting to enter the oncology market are faced with significant barriers:

Regulatory hurdles: strict regulations and approval processes

Both the Chinese and overseas pharmaceutical markets are highly regulated, with complex frameworks established by national health authorities at every stage of drug development. Companies must navigate through stringent regulations that require substantial financial and time investments. The approval process for innovative oncologic drugs can be lengthy, often extending several years, which adds to the overall burden.

After an innovative oncologic drug receives NDA approval, it remains subject to ongoing monitoring for adverse events and efficacy, necessitating additional compliance efforts. Furthermore, pharmaceutical companies must negotiate with healthcare payers to secure reimbursement and achieve favorable market access, further complicating the entry process.

Technological expertise required in R&D and manufacturing

Innovative oncologic drug discovery is fraught with challenges, particularly in the early stages of development. Identifying suitable targets and selecting lead compounds that effectively modulate these targets can be difficult, as disease-causing cells often lack uniform targets and can arise from diverse phenotypic variants. This complexity complicates the drug discovery process. Additionally, each phase of drug development — discovery, preclinical trials, clinical trials and commercialization — requires specialized skill sets. Companies must possess a robust technological foundation and expertise across multiple disciplines to successfully navigate these challenges.

Capital intensity: significant financial investment for new drug R&D

Developing an innovative oncologic drug entails substantial financial investment. The costs associated with extensive research, preclinical and clinical trials, and the scale-up of manufacturing can range from hundreds of millions to billions of dollars. The high financial barriers and prolonged development timelines deter many potential entrants, as they must secure significant resources before generating any revenue. Moreover, the low success rate of oncologic drug development, with many candidates failing during clinical trials or at the regulatory approval stage, introduces uncertainty that further discourages investment, particularly in high-risk innovative therapies targeting unmet medical needs.

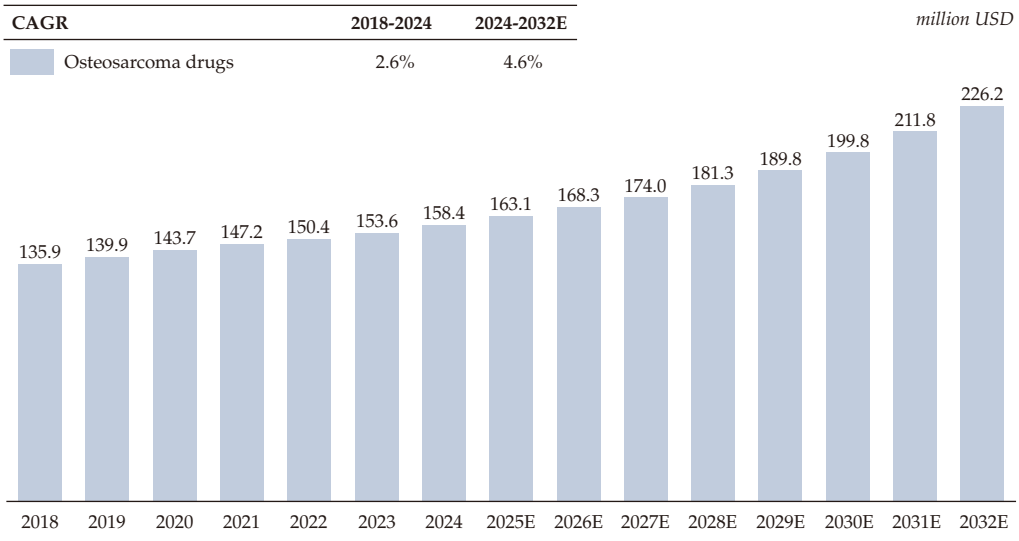
Overview of Osteosarcoma

Osteosarcoma is a high-grade, osteoid-producing malignancy of mesenchymal origin and represents the most common primary bone cancer, accounting for approximately 11.7% of all primary bone tumors. The disease is characterized by its aggressive nature and poor prognosis, with a high propensity for distant metastasis, particularly to the lungs, often within a short period. The global incidence of osteosarcoma has slightly increased from 23.1 thousand in 2018 to 24.6 thousand in 2024, representing a CAGR of 1.1% and is expected to further increase to 27.2 thousand by 2032 at a CAGR of 1.3%. The incidence of osteosarcoma in China remained stable between 2018 and 2024. The number of osteosarcoma patients is expected to increase slightly, representing a CAGR of 0.2%, reaching 4.4 thousand by 2032.

Osteosarcoma is prevalent in young patients. The standard treatment pathway for first-line osteosarcoma typically involves a combination of neoadjuvant chemotherapy, surgical resection, and post-operative adjuvant chemotherapy. The aim of neoadjuvant chemotherapy is to induce significant tumor necrosis (≥90%) prior to surgery, which typically involves complete tumor resection with negative surgical margins. Post-operative adjuvant chemotherapy may continue or be adjusted based on the response to the initial treatment. For second-line osteosarcoma, no clinically approved therapy is currently available, making enrollment in clinical trials the preferred option for patients.

The global market size of osteosarcoma drugs in terms of sales revenue increased from US$135.9 million in 2018 to US$158.4 million in 2024, representing a CAGR of 2.6%, and is projected to increase to US$226.2 million by 2032, representing a CAGR of 4.6%.

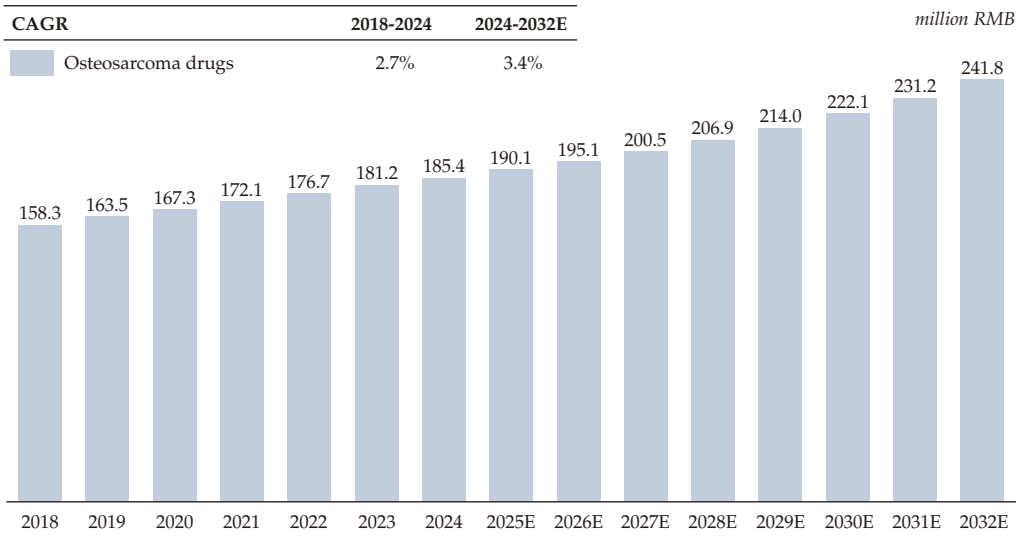
Global osteosarcoma drug market size, 2018-2032E



Source: GLOBOCAN, ASCO, WHO, CIC

From 2018 to 2024, the osteosarcoma drug market in China showed steady growth from RMB158.3 million to RMB185.4 million, representing a CAGR of 2.7%, due to the lack of effective, specialized treatments beyond conventional chemotherapy. However, with a surge in clinical trial activities and promising drug candidates emerging in recent years, the market outlook is expected to improve continuously. The market size of osteosarcoma drugs in terms of sales revenue is projected to grow to RMB241.8 million by 2032, representing a CAGR of 3.4%. There are growing number of clinical trials in progress, with some of the drugs illustrated significant clinical potential. The anticipated growth will also be driven by the potential approval of new therapies, expected between 2025 and 2030, which may offer improved treatment options for osteosarcoma patients.

China osteosarcoma drug market size, 2018-2032E



Source: GLOBOCAN, CSCO, NRDL, CIC

The following table sets forth the global clinical pipelines of innovative drugs for osteosarcoma as of the Latest Practicable Date.

Global clinical pipelines of innovative drugs for osteosarcoma, as of the Latest Practicable Date

Drug name/code	Target	Company	Phase	Indications	First Posted Date	Trial Number	Location
ZKAB001	PD-L1	Zhaoke (Guangzhou) Oncology Pharm	III	Osteosarcoma maintenance therapy	2019-12-26	CTR20192678	China
HS-20093	VEGF, KIT, TOP2; PD-L1, PDGFR-β, CD276, FGFR	Hansoh BioMedical	III	3L treatment for Osteosarcoma	2025-04-18	CTR20251474	China
Olaparib with Ceralasertib	PARP, ATR	AstraZeneca	II	Recurrent Osteosarcoma	2020-06-04	NCT04417062	US
ALMB-0168	GJA1	Enlemai Biotechnology	II	Osteosarcoma	2021-09-09	CTR20210451	China
Cabozantinib and BSC[1]	NTRK, c-Met, ROS, VEGFR, RET, AXL, FLT3, KIT	Ipsen	II	Children and AYA[2] with Osteosarcoma	2024-04-02	NCT06341712	Global
ZN-c3	/	K-Group, Beta	I/II	Osteosarcoma	2021-04-06	NCT04833582	Global
Vactosertib	TGF-β1	MedPacto	I/II	Recurrent, Refractory or Progressive Osteosarcoma	2022-10-20	NCT05588648	Global
CD99 CAR-T	CD99	Bio-raid	I/II	Osteosarcoma or soft tissue sarcoma	2024-12-03	CTR20244485	China
C019199	CSF1R, DDR1, VEGFR2	Haixi Pharma	I	Advanced Solid Tumors including Osteosarcoma	2020-10-23	CTR20202045	China
Cabozantinib With Ifosfamide	NTRK, c-Met, ROS, VEGFR, RET, AXL, FLT3, KIT	Exelixis	I	Ewing's Sarcoma and Osteosarcoma	2023-12-05	NCT06156410	US
TQB2928	CD47, SIRPA	Chia Tai Tianqing Pharma	I	Osteosarcoma	2024-01-29	CTR20240257	China
IM-83 (CAR-T)	GPC3	Yimiao Medical Technology	I	Osteosarcoma	2024-05-30	CTR20241991	China

Source: clinicaltrials, CDE, CIC

Notes:

1. BSC stands for best supportive care.
2. AYA stands for adolescents, and young adults.
3. Trials conducted in more than one country/region denoted as Global.

Overview of TGCT

Tenosynovial Giant Cell Tumor (TGCT) is a rare, benign mesenchymal neoplasm arising from the synovial tissue of joints and tendon sheaths, often associated with recurrent genomic aberrations involving the colony-stimulating factor 1 (CSF1) gene. The disease predominantly affects younger patients and, while generally non-life-threatening, can significantly impair quality of life due to its impact on joint function and mobility.

The global incidence of TGCT showed steady growth, with the number of cases increased from 384.2 thousand in 2018 to 408.0 thousand in 2024, and is projected to reach 453.0 thousand by 2032, representing a CAGR of 1.0% and 1.3%, respectively. The incidence of TGCT in China has also remained relatively stable, with the number of cases slightly decreasing from 71.4 thousand in 2018 to 71.3 thousand in 2024. However, the incidence is projected to increase slightly, reaching 72.5 thousand cases by 2032, driven by improved diagnostic capabilities and heightened disease awareness.

The primary treatment approaches for TGCT include surgery, systemic therapies, and radiotherapy or cryotherapy. Surgical intervention remains the preferred method, involving marginal excision for localized TGCT and extensive synovectomy for diffuse TGCT cases. For patients with asymptomatic disease, active surveillance is typically recommended. For those with symptomatic disease or significant functional impairment, systemic therapies may be considered, particularly when surgery poses substantial risks. Currently, the only FDA-approved drug for TGCT is pexidartinib approved in 2019, but its use is limited due to severe hepatotoxicity risks, as highlighted by an FDA black box warning. In China, pexidartinib has not yet been launched, and symptomatic patients are advised to participate in clinical trials as an alternative.

From 2018 to 2024, the global TGCT drug market experienced rapid growth from US$437.6 million in 2018 to US$784.8 million, representing a CAGR of 10.2%, and is expected to further increased to US$1,613.7 million by 2032, representing a projected CAGR of 9.4%.

From 2018 to 2024, the TGCT drug market in China showed limited growth due to the lack of effective therapeutic options beyond chemotherapy. However, the market landscape is expected to shift significantly following the anticipated approval of new targeted therapies in 2025. The market size of TGCT drugs in terms of sales revenue is projected to expand rapidly from RMB156.9 million in 2024 to RMB1,542.7 million by 2032, representing a robust CAGR of 33.1%.

In recent years, the development of innovative drugs for the treatment of TGCT has gained momentum in China, as evidenced by the increasing number of drug candidates registered with the CDE. These emerging therapies are focused on novel targets and aim to address the high unmet medical need in this rare but debilitating disease. The following table sets forth the global clinical pipeline of innovative drugs for TGCT as of the Latest Practicable Date.

Global clinical pipelines of innovative drugs for TGCT, as of the Latest Practicable Date

Drug name/code	Target	Company	Phase	Indications	First Posted Date	Trial Number	Location
Pexidartinib[1]	KIT, CSF1R, FLT3	Daiichi Sankyo	NDA	TGCT	2025-01-25	/	China
			II	TGCT	2021-01-11	NCT04703322	Japan
Pimicotinib	CSF1R	Abbisko Therapeutics	NDA	TGCT	2025-06-09	/	China
			I	TGCT	2019-12-10	NCT04192344	Global
Emactuzumab	CSF-1R	SynOx Therapeutics	III	TGCT	2022-06-14	NCT05417789	Global
AMB-05X	CSF1R	AmMax Bio	II	TGCT	2022-04-27	NCT05349643	Global
C019199	CSF1R, DDR1, VEGFR2	Haixi Pharma	I[2]	TGCT	2022-12-09	CTR20223103	China
SYHA-1813	VEGFR, CSF1R	Runshi Pharma	I	TGCT	2021-06-03	CTR20210775	China
BC-006 injection	CSF1R	Dragon Boat Bio	I	Solid tumors including TGCT	2021-07-23	CTR20211792	China
HMPL-653	CSF1R	Hutchison MediPharma	I	TGCT	2022-01-18	CTR20213205	China

Source: clinicaltrials, CDE, CIC

Notes:

1. Pexidartinib has only been approved in the USA.
2. Haixi Pharma has completed Phase I clinical trial as of the Latest Practicable Date.
3. Trials conducted in more than one country/region denoted as Global.

Overview of Breast Cancer

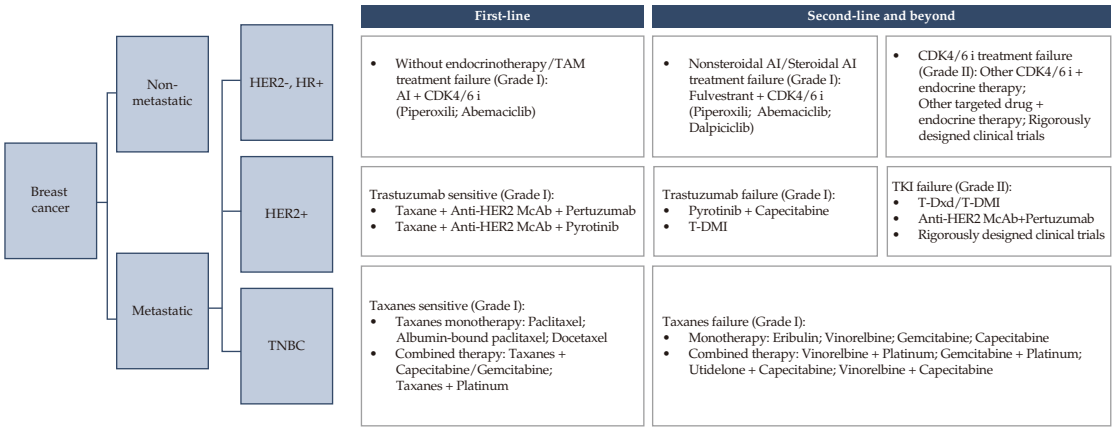
Breast cancer (BC), the most commonly diagnosed malignant tumor in women globally, is the first cause of death from malignant tumors worldwide, claiming 670,000 deaths globally in 2022. The disease stems from uncontrolled growth of abnormal breast cells into tumors. While multiple factors contribute to the development of breast cancer, genetic predisposition (BRCA1 or BRCA2 mutations), estrogen and progesterone exposure, and lifestyle factors all increase the risk.

The global incidence of breast cancer has steadily increased from 2,088.8 thousand in 2018 to 2,397.0 thousand in 2024, representing a CAGR of 2.3% and is expected to further increase to 2,748.8 thousand by 2032 at a CAGR of 1.7%. The incidence of breast cancer in China also experienced a sustained increase from 322.2 thousand in 2018 to 374.7 thousand in 2024, representing a CAGR of 2.5% and is expected to further increase to 435.0 thousand by 2032 at a CAGR of 1.9%.

Metastatic breast cancer, representing approximately 30% of all breast cancer cases, is a severe and advanced form of breast cancer that poses significant treatment challenges. Among metastatic breast cancer patients, HER2- breast cancer in total accounted for about 80%, representing the largest phenotype. TNBC is characterized by the lack of estrogen, progesterone, and HER2 receptors, making it one of the most aggressive and difficult-to-treat subtypes of breast cancer. The treatment strategies for TNBC vary based on the stage of disease progression and the patient's response to prior therapies. For the first-line, second-line and beyond, monotherapy, including using of paclitaxel and docetaxel, and combination therapy, including using of taxanes, vinorelbine, gemcitabine, utidelone, vinorelbine with platinum, are generally adopted for treatment.

The following diagram illustrates the treatment pathway for breast cancer:

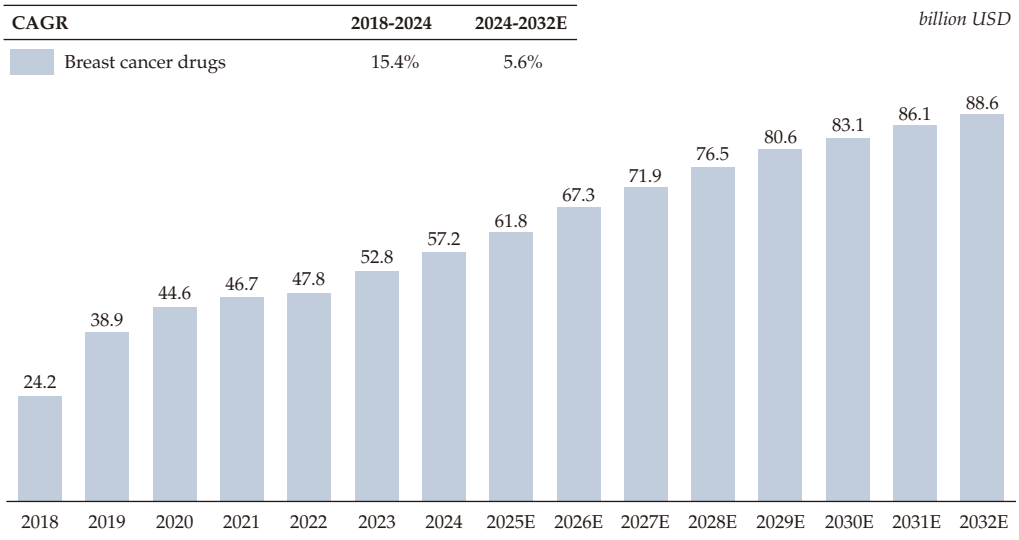
Treatment pathway for breast cancer



Source: CSCO2024, CIC

The global breast cancer drug market experienced steady growth from US$24.2 billion in 2018 to US$57.2 billion in 2024, representing a robust CAGR of 15.4%. This growth is projected to reach US$88.6 billion by 2032, representing a CAGR of 5.6%.

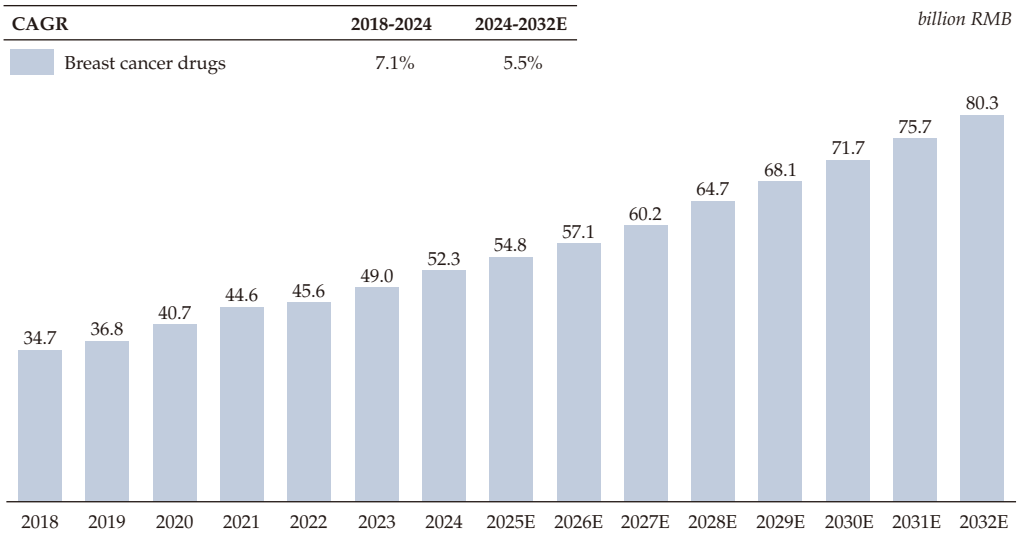
Global market size of drugs for breast cancer, 2018-2032E



Source: GLOBOCAN, ASCO, CIC

From 2018 to 2024, the breast cancer drug market in terms of sales revenue in China showed stable growth, rising from RMB34.7 billion in 2018 to RMB52.3 billion in 2024, representing a CAGR of 7.1%. This growth trend is expected to continue, with the market size in terms of sales revenue reaching RMB80.3 billion by 2032, representing a CAGR of 5.5%.

Market size of breast cancer drugs in China, 2018-2032E



Source: GLOBOCAN, CSCO, NRDL, CIC

As of the Latest Practicable Date, globally there have been over 5 innovative therapies approved for the treatment of TNBC, including targeted therapies and immunotherapies, with over 5 ongoing clinical pipelines of immuno-oncology combination therapies in Phase II and beyond. C019199 is undergoing a phase I/II trial in combination with PD-1 mAbs to be evaluated for treating advanced TNBC in China as of the Latest Practicable Date.

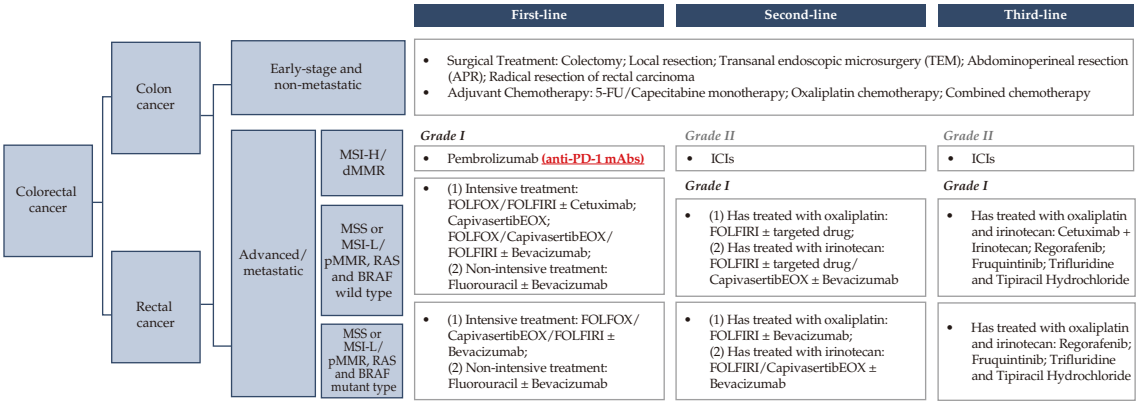
Overview of Colorectal Cancer

As the third most common malignancy and the second most deadly cancer, the global incidence of colorectal cancer in 2024 was 2.0 million, and such number is projected to increase to 2.5 million in 2032. This increase is primarily attributable to the projection of aging trend and population growth. In China, 556.4 thousand people were affected by colorectal cancer in 2024, and such number is projected to increase to 699.7 thousand in 2032.

In China, CRC patients are usually observed in the advanced stage, since the early symptoms of CRC are not significant and more obvious symptoms such as blood in the stool, abdominal mass, and persistent pain in the pelvis or lower abdomen will appear as CRC progresses to the advanced stage. Current therapeutic strategies for advanced CRC are categorized into first-line, second-line, and third-line treatments, reflecting the disease progression and response to prior therapies. The first-line therapies are typically classified into intensive and non-intensive treatment regimens based on patient tolerance and disease severity. The second-line therapies are administered to patients who have undergone first-line treatments involving oxaliplatin or irinotecan. For patients who have been treated with both oxaliplatin and irinotecan, third-line therapies focus on extending survival and improving quality of life.

The following diagram illustrates the treatment pathway for colorectal cancer:

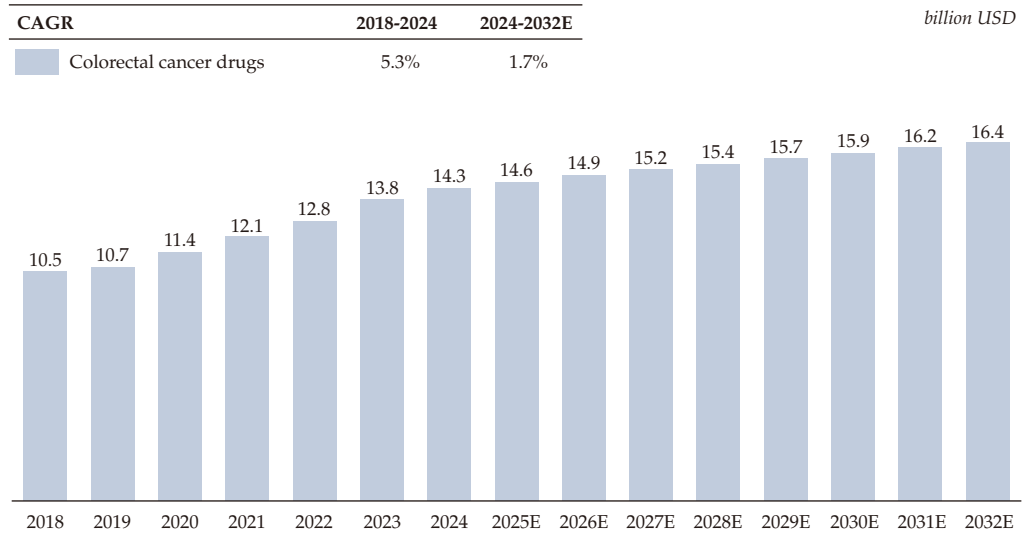
Treatment pathway for colorectal cancer



Source: CSCO2024, CIC

The global colorectal cancer drug market experienced rapid growth, increasing from US$10.5 billion in 2018 to US$14.3 billion in 2024, representing a CAGR of 5.3%, and is projected to have a moderate increase, reaching US$16.4 billion by 2032, representing a CAGR of 1.7%.

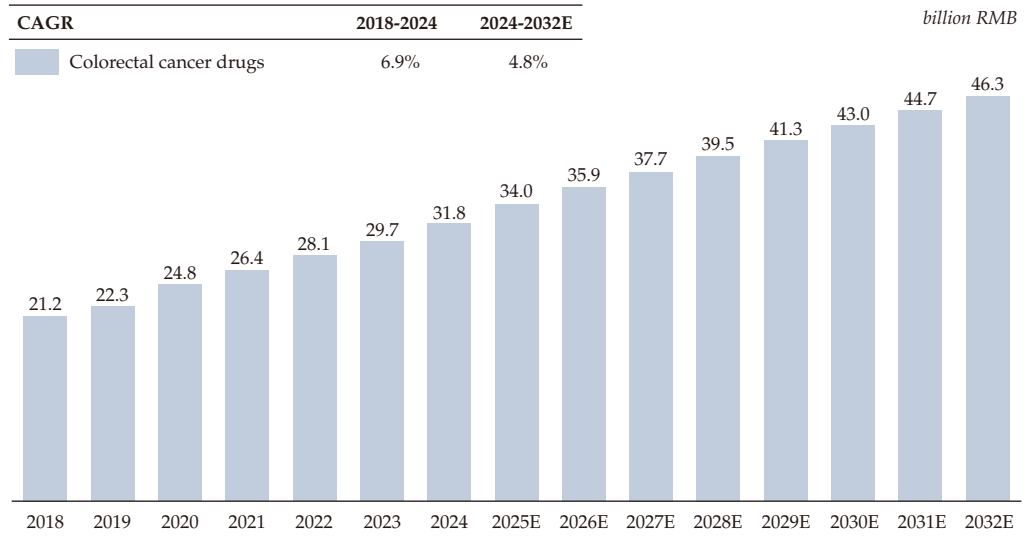
Global market size of colorectal cancer drugs, 2018-2032E



Source: GLOBOCAN, ASCO, CIC

From 2018 to 2024, the colorectal cancer drug market in China showed stable growth, rising from RMB21.2 billion in 2018 to RMB31.8 billion in 2024, representing a CAGR of 6.9%, and is projected to reach RMB46.3 billion by 2032, representing a CAGR of 4.8%.

Market size of colorectal cancer drugs in China, 2018-2032E



Source: GLOBOCAN, CSCO, NRDL, CIC

As of the Latest Practicable Date, globally there have been over 10 innovative therapies approved for the treatment of colorectal cancer, with over 15 ongoing clinical pipelines of immuno-oncology combination therapies in Phase II and beyond. C019199 is undergoing a phase I/II trial in combination with PD-1 mAbs to be evaluated for treating advanced colorectal cancer in China as of the Latest Practicable Date.

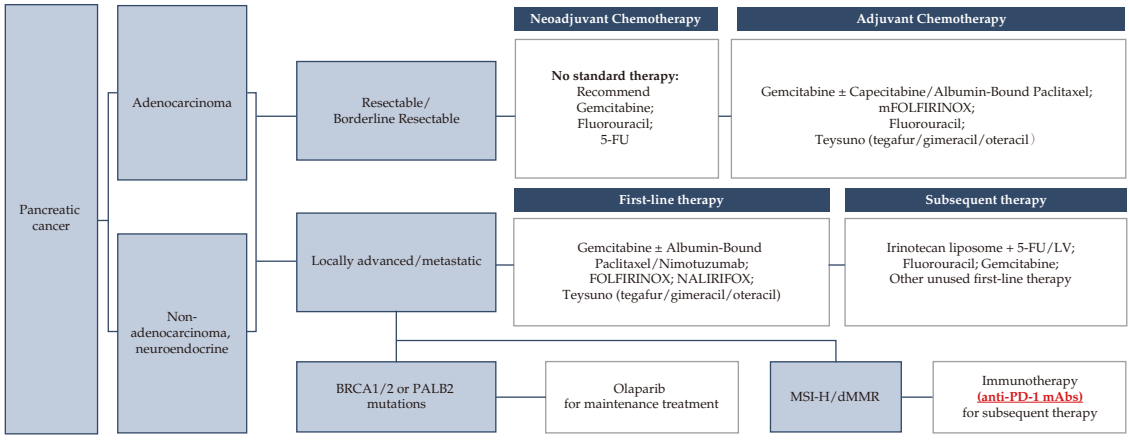
Overview of Pancreatic Cancer

Pancreatic cancer is a highly aggressive disease characterized by the transformation of pancreatic cells into malignant tumors with the potential to invade surrounding tissues. The majority of pancreatic cancer cases (approximately 85%) are pancreatic adenocarcinomas, which originate in the exocrine glands responsible for producing digestive enzymes. A smaller subset of cases (<5%) is classified as pancreatic neuroendocrine tumors (PanNET), arising from the endocrine tissue of the pancreas. Non-adenocarcinoma tumors are rare in this region. Pancreatic cancer is often diagnosed at an advanced stage, with 80% to 90% of patients presenting with unresectable tumors upon diagnosis. This limits the curative options available and contributes to poor outcomes.

The treatment pathway for pancreatic cancer is primarily determined by the type of tumor and its stage at diagnosis, and the specific strategies are highly tailored based on tumor resectability, stage, and genetic characteristics. Advances in chemotherapy regimens, targeted therapies, and immunotherapy are the current available options to address this aggressive disease.

The following diagram illustrates the treatment pathway for pancreatic cancer:

Treatment pathway for pancreatic cancer



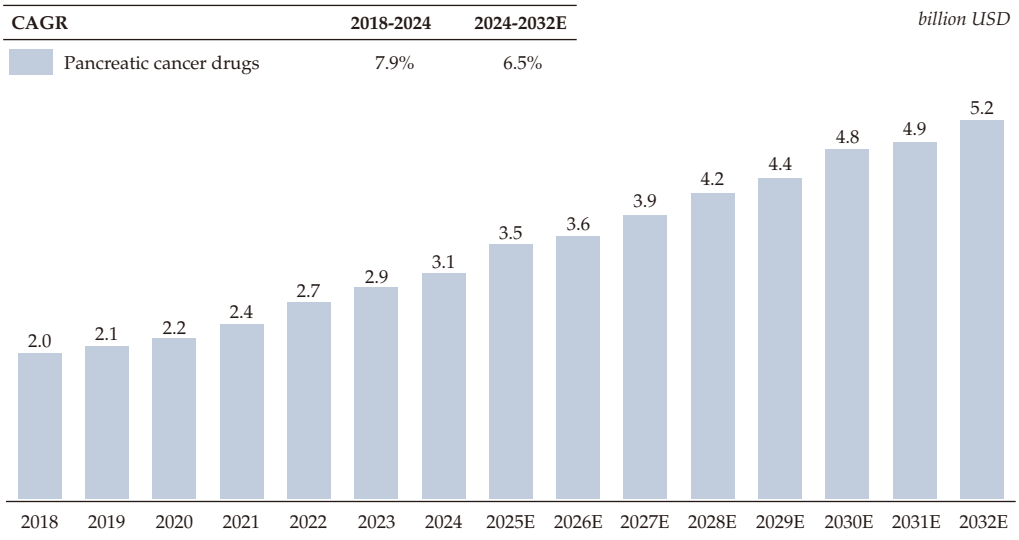
Source: CSCO2024, CIC

The global incidence of pancreatic cancer has shown steady growth over the past years and is expected to continue increasing. In 2024, 530.9 thousand people were affected by pancreatic cancer, and such number is projected to reach 661.6 thousand in 2032.

The incidence of pancreatic cancer in China has shown a consistent upward trend over the years and is expected to continue increasing. From 2018 to 2024, the number of new pancreatic cases in China increased from 106.2 thousand to 125.0 thousand, such number is projected to grow at a slightly slower pace and reach 146.9 thousand in 2032.

The global pancreatic cancer drug market has experienced significant growth over recent years and is expected to continue expanding, driven by increasing disease prevalence, advancements in treatment, and rising healthcare investments. The market size of global pancreatic cancer in terms of sales revenue grew from US$2.0 billion in 2018 to US$3.1 billion in 2024, representing a CAGR of 7.9%, and is expected to reach US$5.2 billion by 2032, representing a CAGR of 6.5%.

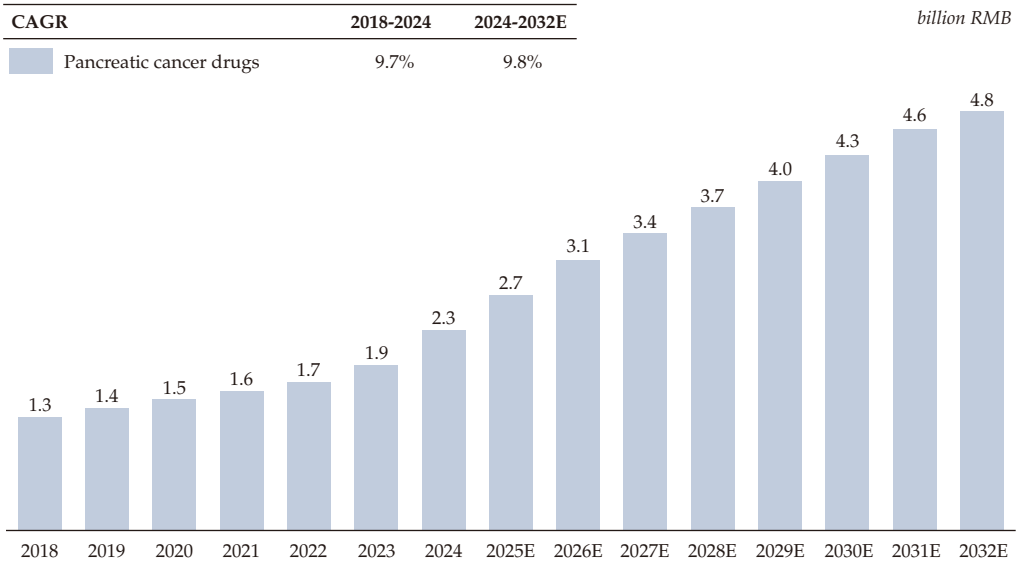
Global market size of pancreatic cancer drugs, 2018-2032E



Source: GLOBOCAN, ASCO, CIC

The pancreatic cancer drug market in China has been experiencing robust growth. The market size in terms of sales revenue increased from RMB1.3 billion in 2018 to RMB2.3 billion in 2024, at a CAGR of 9.7%, and is projected to reach RMB4.8 billion by 2032, with an accelerated CAGR of 9.8%.

Market size of pancreatic cancer drugs in China, 2018-2032E



Source: GLOBOCAN, CSCO, NRDL, CIC

As of the Latest Practicable Date, globally there have been over 5 innovative therapies approved for the treatment of pancreatic cancer, with over 5 ongoing clinical pipelines of immuno-oncology combination therapies in Phase II and beyond. C019199 is undergoing a phase I/II trial in combination with PD-1 mAbs to be evaluated for treating advanced pancreatic cancer in China as of the Latest Practicable Date.

Introduction to Potential Targets for Oncology

Multi-target therapy, or multi-target drug therapy, in oncology refers to a treatment approach that involves the use of drugs that can selectively and simultaneously act on multiple molecular targets within a tumor or its microenvironment. This therapeutic strategy is designed to address the complexity and heterogeneity of tumors, which often involve multiple signaling pathways and molecular mechanisms. Multi-target therapy in oncology has the following distinct advantages.

- *Addressing Tumor Heterogeneity*. Tumors are often characterized by genetic and phenotypic heterogeneity, meaning that different cells within the same tumor may have different genetic mutations, signaling pathway activations, and drug sensitivities. Multi-target therapy aims to overcome this heterogeneity by targeting multiple pathways or molecules simultaneously, thereby increasing the likelihood of effective tumor suppression.

- *Synergistic Effects*. By targeting multiple pathways, multi-target drugs can potentially produce synergistic effects, where the combined action of the drug on different targets results in a greater therapeutic effect than the sum of the individual effects. This can lead to improved efficacy and reduced toxicity compared to single-target therapies.

- *Reducing Drug Resistance*. Tumors can develop resistance to single-target therapies through various mechanisms, such as mutations in the target molecule or activation of alternative signaling pathways. Multi-target therapy can reduce the risk of drug resistance by targeting multiple pathways simultaneously, making it more difficult for the tumor to evade treatment.

- *Improved Patient Outcomes*. By targeting multiple aspects of tumor biology, multi-target therapy may lead to improved patient outcomes, including longer survival, better quality of life, and reduced recurrence rates.

CSF-1R

Colony-Stimulating Factor 1 Receptor (CSF-1R) is a myeloid receptor critical for the survival and differentiation of monocytes and macrophages. Overexpression of CSF-1R is linked to aggressive tumor phenotypes, characterized by an immunosuppressive tumor microenvironment and poor prognosis. CSF-1R, along with its ligands CSF-1 and interleukin 34 (IL-34), plays a key role in regulating tumor-associated macrophages (TAMs), which contribute to tumor progression and suppression of antitumor immune responses.

The activation of CSF-1R requires the binding of its ligands (CSF-1 or IL-34), leading to receptor dimerization and subsequent signaling. Blocking CSF-1R signaling through small-molecule tyrosine kinase inhibitors or monoclonal antibodies (mAbs) can effectively prevent ligand binding, inhibiting the proliferation, differentiation, and survival of TAMs. This reduction in TAM activity decreases the immunosuppressive effects within the tumor microenvironment, potentially enhancing the overall immune response against cancer cells.

Numerous studies have demonstrated that increased CSF-1R expression in tumor cells correlates with poor clinical outcomes across various cancer types. The presence of CSF1R-positive macrophages in the tumor microenvironment is often associated with worse patient survival, highlighting the potential of CSF-1R as a therapeutic target. Targeting CSF-1R signaling aims to eliminate or repolarize pro-tumorigenic TAMs, representing an attractive strategy in cancer therapy.

Currently, a variety of small-molecule inhibitors and monoclonal antibodies targeting CSF-1R or its ligands are in clinical development. These therapies are being evaluated both as monotherapy and in combination with standard treatments such as chemotherapy and other immunotherapies. The ongoing research and clinical trials underscore the potential of CSF-1R inhibitors to significantly improve outcomes for patients with cancers characterized by high TAM infiltration.

VEGFR2

Vascular Endothelial Growth Factor Receptor 2 (VEGFR2), also known as kinase insert domain receptor (KDR), is a key member of the VEGF receptor family and plays a critical role in angiogenesis. VEGFR2 is the principal receptor located on the surface of vascular endothelial cells and is activated upon binding with ligands such as VEGFA, VEGFC, and VEGFD. Activation of VEGFR2 triggers autophosphorylation, leading to endothelial cell proliferation, increased vascular permeability, and angiogenesis, all of which are fundamental processes for tumor growth and metastasis.

The importance of VEGFR2 in cancer biology stems from its role in promoting tumor angiogenesis, a process essential for supplying nutrients and oxygen to rapidly growing tumors. Both pro-angiogenic and anti-angiogenic factors, produced by tumor cells and regulatory T cells (Tregs), regulate this process. Overexpression of VEGFR2 has been observed in various cancer types, including breast cancer, non-small cell lung cancer, hepatocellular carcinoma, cervical cancer, and renal cell carcinoma, where it is often associated with poor prognosis and increased tumor aggressiveness.

Targeting VEGFR2 has become a promising strategy in oncology, as inhibiting this receptor can disrupt the angiogenic signaling pathways critical for tumor growth. VEGFR2 inhibitors, which aim to block receptor activity and reduce angiogenesis, have demonstrated significant clinical efficacy. These inhibitors are broadly classified into three types: ATP-competitive inhibitors (e.g., Sunitinib), DFG-out conformation inhibitors (e.g., Sorafenib), and covalent inhibitors (e.g., Vatalanib). While VEGFR2 inhibitors primarily target the VEGFR2 receptor, due to structural similarities among the VEGF receptor family, they often exhibit activity against other receptor tyrosine kinases, enhancing their therapeutic potential.

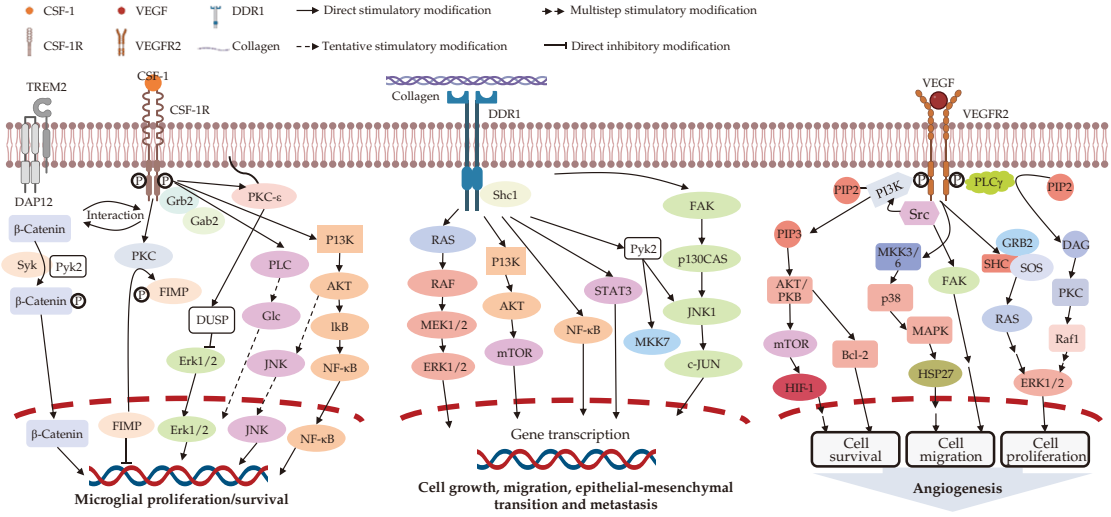
The development of VEGFR2 inhibitors has matured, with several agents showing robust anti-tumor activity and favorable clinical outcomes in patients with advanced cancers. As the understanding of angiogenesis and tumor microenvironment continues to evolve, VEGFR2 remains a pivotal target in the development of next-generation cancer therapies, particularly in combination with other targeted agents and immunotherapies.

DDR1

Discoidin Domain Receptor 1 (DDR1) is a receptor tyrosine kinase involved in cellular signaling and tissue homeostasis, existing in five isoforms, with DDR1a, DDR1b, and DDR1c being the active forms. DDR1 plays a key role in tumor progression by promoting cell proliferation, migration, invasion, and epithelial-mesenchymal transition via pathways such as mTOR and STAT3. Additionally, DDR1 influences the tumor microenvironment by regulating immune cell recruitment, stromal remodeling, and angiogenesis, facilitating immune evasion and metastasis through its interactions with collagen and the extracellular matrix.

DDR1 is overexpressed in various solid tumors, including triple-negative breast cancer, where it prevents immune cell infiltration. Inhibiting DDR1 through antibodies or kinase inhibitors has shown potential in enhancing immune cell penetration and reducing tumor growth in preclinical studies. Although no DDR1-targeting drugs have been approved to date, ongoing research efforts include kinase inhibitors, proteolysis-targeting chimeras, and antibody therapies, highlighting DDR1 as a promising target for future cancer treatments.

Mechanism of action — CSF-1R/DDR1/VEGFR2



Source: Journal of Translational Medicine, Frontiers in Aging Neuroscience, Clinical and Translational Oncology, CIC

Drivers and Trends in Global Innovative Oncology Drug Market

The growing opportunity and potential for global oncology drug market are largely attributable to the following factors:

- *Strong market demand for new and effective anti-cancer treatments.* The incidence and mortality rates of cancer globally remain high, leading to a strong market demand for new and effective anti-cancer drugs. With an aging population and changing lifestyles, the rising prevalence of cancer underscores the importance of innovative drug development.

- *Further development of combination therapy as more effective treatments.* Comparing to monotherapy, current studies have demonstrated that combination therapy, with decreased likelihood to develop resistant cancer cells, has better treatment efficacy, efficiency and safety profile and durability of efficacy. Notably, as more and more immune checkpoint inhibitors being approved, treatment combination with immunotherapy becomes one of the most prominent research topics, in an effort to maximize clinical benefits by modulating tumor microenvironment.

- *Enhanced research capabilities and improved translation of scientific discoveries.* Global investment in research continues to grow, along with improvements in the translation of research outcomes. These factors are driving technological advancements and innovation in new drug development, particularly in the field of anti-cancer drugs, with an increasing number of research institutions and companies actively participating in drug discovery.

- *Accelerated international collaboration to facilitate expansion.* Cross-border business development between domestic and foreign pharmaceutical companies is becoming a trend. The collaboration not only accelerates the market entry of innovative anti-cancer drugs but also facilitates market expansion. By leveraging advanced technologies and experience exchange, the global innovative anti-cancer drug market will further get expanded.

OVERVIEW OF GLOBAL OPHTHALMIC DRUG MARKET

China's ophthalmic drug market is expanding rapidly due to the rising prevalence of age-related eye diseases and increasing demand for innovative therapies. Common ophthalmic conditions in China include glaucoma, diabetic macular edema (DME), diabetic retinopathy (DR), and age-related macular degeneration (AMD). The global prevalence of ophthalmic diseases increased from 1.7 billion in 2018 to 2.3 billion in 2023, representing a CAGR of 5.9%, and is expected to increase to 2.8 billion at a CAGR of 2.4% by 2032. The overall prevalence in China of ophthalmic diseases increased from 308.8 million in 2018 to 380.3 million in 2024, representing a CAGR of 3.5%, and is expected to increase at a slower pace to 409.5 million by 2032, representing a CAGR of 0.9%.

AMD is a progressive degenerative disease affecting the macula, a key area of the retina responsible for central vision. It is characterized by features such as drusen deposits, abnormalities in retinal pigment epithelium, and advanced complications like choroidal neovascularization (CNV) and polypoidal choroidal vasculopathy. AMD is classified into early, intermediate, and advanced stages, with approximately 15% of advanced AMD cases developing into wet AMD (wAMD). For wAMD, anti-VEGF therapies are the standard first-line treatment, aimed at inhibiting abnormal blood vessel growth in the retina. In cases complicated by PCV, photodynamic therapy (PDT) is used as a second-line treatment, often combined with anti-VEGF drugs for enhanced efficacy.

The market size of drugs in terms of sales revenue for wAMD in China experienced significant growth. It has increased from RMB1.3 billion in 2018 to RMB4.5 billion in 2024, representing a CAGR of 22.8%, and is expected to further increased to RMB10.1 billion by 2032, representing a projected CAGR of 11.3%.

Likewise, the global market size of drugs in terms of sales revenue for wAMD is expected to increase from USD5.8 billion in 2023 to USD10.6 billion in 2032, representing a CAGR of 6.9%.

Current wAMD treatments are facing following major pain points.

- *Low compliance with intraocular injection.* Patients with wAMD often require frequent intraocular injections of anti-VEGF drugs to maintain their vision However, compliance with this treatment modality is low due to high frequency of treatment as well as the discomfort and anxiety that intraocular injections cause.

- *Drug side effects and safety issues.* Although eye injections of anti-VEGF drugs are generally safe, long-term and frequent use of such treatment may cause systemic side effects, such as high blood pressure. It may also cause ocular complications, such as endophthalmitis, retinal detachment and etc.

- *High cost of treatment.* Anti-VEGF drugs are more expensive and require long-term and frequent use, resulting in high treatment costs, which may be financially burdensome for patients.

- *Lack of effective long-term treatment options.* Long-term and frequent use of anti-VEGF drugs may cause the decrease or disappear of sensitivity of eye cells to anti-VEGF drugs, resulting in drug resistance and reducing efficacy. It is quite urgent to find a long-term effective treatment option.

The clinical pipeline for wAMD therapies in China is robust, featuring a diverse range of biologics and small molecules targeting key angiogenic pathways such as VEGF, VEGF-C, and angiopoietin. As of the Latest Practicable Date, numerous innovative drug candidates are undergoing clinical trials, spanning from early-stage Phase I to late-stage Phase III, reflecting the high level of research activity and investment in this therapeutic area.

The expansion of China's ophthalmic drug market is primarily driven by the following factors.

- *Emerging ophthalmic delivery systems.* There is a growing number of innovative delivery systems empowering ophthalmic drugs, for instance, ocular inlay delivery system, nanoparticles and etc. These new delivery systems not only improve the bioavailability and stability of drugs, but also reduce the number of dosing times and the treatment burden of patients.

- *Innovative therapies on wAMD*. Clinical trials of certain gene therapy achieved positive results with long-term follow-up, by enhancing the ability of ocular cells to produce anti-VEGF or reducing the formation of leaky blood vessels. And it is potentially workable to reduce senescent cells and their metabolin to achieve obvious therapeutic effects.

- *Enhancing patient compliance.* On one hand, it is important to reduce the number of injections and improve patient compliance by developing long-acting drugs or new delivery systems. On the other hand, patient education and support should be strengthened to improve their understanding of the disease and treatment, while providing necessary psychological support to reducing their anxiety and fear.

SOURCE OF INFORMATION

We commissioned China Insights Consultancy, an independent market research and consulting firm, to provide an analysis of, and to produce a report (the "**CIC Report**") on China's innovative drugs and generic drugs market. China Insights Consultancy provides professional services including, among others, industry consulting, commercial due diligence and strategic consulting. We have agreed to pay a fee of RMB760,000 to China Insights Consultancy in connection with the preparation of the CIC Report. The report was prepared independent of the influence of us and other interested parties. We have extracted certain information from the CIC Report in this section, as well as elsewhere in this Prospectus. 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 in any material respect.

In preparing the CIC Report, China Insights Consultancy conducted both primary and secondary research utilizing diverse resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics, National Medical Products Administration, Food and Drug Association, National Health Commission of the People's Republic of China, the International Monetary Fund, and World Health Organization.

The market projections in the CIC report are based on the following assumptions: (i) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period, such as the increasing number of disease incidences mainly owing to aging population, strengthened public awareness of healthcare, enhanced patient affordability, and enriched drugs and therapies; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an impact on such information.

Information disclosed in this section is relevant PRC laws, regulations and regulatory documents in effect which have a significant impact on our operations in the PRC as of the date of this Document (hereinafter referred to as "PRC Laws"), which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.

Regulatory Authorities

The regulatory authorities of the drug industry in the PRC include: the National Medical Products Administration (國家藥品監督管理局) (the "NMPA"), the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) (the "NHC") and the National Healthcare Security Administration (國家醫療保障局) (the "NHSA"). The NMPA is an authority under the State Administration for Market Regulation (國家市場監督管理總局) (the "SAMR") and is the primary regulator for medical products. It is primarily responsible for supervising and managing drugs, medical devices and cosmetics, including drafting of relevant regulations and policies; undertaking standard management, registration regulation, quality management and post-market risk management for drugs, medical devices and cosmetics; and organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics; undertaking management of qualifications for licensed pharmacists.

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

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

Classification of Chemical Drugs

According to the Administrative Measures for Drug Registration, the drug registration administration shall be classified into traditional Chinese drugs, chemical drugs and biological products; among them, the registration of chemical drugs shall be classified into innovative chemical drugs, improved new chemical drugs, generic chemical drugs, etc.

Pursuant to the Reform Plan for Registration Classification of Chemical Drugs (《化學藥品註冊分類改革工作方案》) issued by the China Food and Drug Administration (the "CFDA", renamed as the National Medical Products Administration ("NMPA") in 2018) on March 4, 2016, new registration of chemical drugs are divided into five categories: (i) Class 1: innovative drugs that have not been marketed in the PRC or abroad which shall contain new compounds with clear structure and pharmacological effects and clinical value; (ii) Class 2: improved new drugs that have not been marketed in the PRC or abroad with optimization in structure, dosage form, prescription technology, route of drug administration and indications on the basis of known active ingredients as well as obvious clinical advantages; (iii) Class 3: drugs imitated by domestic applicants which are marketed overseas while originator's drugs are not marketed in the PRC. Such drugs should possess quality and efficacy in line with that of the originator's drugs (i.e. the first drugs approved to be marketed in the PRC or overseas with complete and sufficient safety and efficacy data to serve as the basis for its launch); (iv) Class 4: drugs imitated by domestic applicants while originator's drugs have been marketed in the PRC. The quality and efficacy of such drugs should be consistent with that of the originator's drugs; and (v) Class 5: drugs which have been marketed abroad with the applications to be marketed in the PRC.

REGULATIONS AND POLICIES IN DRUG MANUFACTURER

Drug Manufacturing Permit

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

Good Manufacturing Practices

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

statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with the law. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

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

Marketing Authorization Holder System

Under the authorization of the SCNPC, the General Office of the State Council issued the Pilot Plan for the Drug Marketing Authorization Holder System (《藥品上市許可持有人制度試點方案》) on May 26, 2016, which provides a detailed pilot plan for the marketing authorization holder system, or MAH System, for drugs in 10 provinces (cities) in China and the plan ended on November 4, 2018. The pilot period was later extended to November 4, 2019 by the SCNPC.

Pursuant to the Drug Administration Law, China implements the marketing authorization holder mechanism for management of the drug industry. The drug marketing authorization holder refers to an enterprise or a drug research and development institution that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for non-clinical research, clinical trials, production and operation, post-marketing research, adverse reaction monitoring, reporting and processing of drugs in accordance with the provisions of the law.

Transfer of Drug Marketing Authorization

Pursuant to the Drug Administration Law (《中華人民共和國藥品管理法》), upon approval by the drug administrative department of the State Council, a drug marketing authorization holder may transfer its drug marketing authorization. The transferee shall possess the quality management, risk control and liability compensation competence to ensure drug safety, effectiveness and quality controllability, and perform the obligations of the drug marketing permit holder.

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), transfer of drug marketing authorization by the holder shall declare by way of supplementary application, and implement upon approval.

Pursuant to the Administrative Measures for Drug Post-marketing Changes (for Trial Implementation) (《藥品上市後變更管理辦法(試行)》), drug post-marketing changes shall not have any adverse impact on the safety, effectiveness and quality controllability of drugs. In the case of an application for the change to a drug holder, the production site, prescription, production techniques and quality standards of the drugs shall be consistent with those of the original drugs. In the case of any change, after the change of the holder has been approved, the holder after the change shall conduct full study, evaluation and necessary verification and shall implement or report such changes upon approval or filing as required.

In the case of an application for the change of a holder of domestically manufactured drugs, the transferee shall, after obtaining the drug manufacturing permit for the corresponding production scope, submit a supplementary application to the CDE. In particular, in the case of an application for the change of a holder of narcotic drugs or psychotropic drugs, the transferee shall also meet the requirements for the quantity and layout of the designated manufacturers of narcotic drugs and psychotropic drugs as determined by the NMPA.

The CDE shall make a decision on whether to approve the change within the prescribed time limit. If the change is approved, the CDE shall issue a supplementary drug application notice with the drug approval number and the valid period of the certificate remains unchanged. The CDE shall also send a copy thereof to the provincial drug regulatory authority at the place where the transferor, the transferee and the manufacturer are located.

The holder after the change shall have a production quality management system that meets the requirements specified in the GMP, undertake the obligations for the management of the drug in the whole life cycle, complete the continuous research work of the drug, ensure that the existing technical requirements are met after the drug is manufactured and marketed, and emphasis the situation of the transferred drug in its initial annual report.

The transferred drug may be sold on the market after passing the inspection for compliance with the GMP and fulfilling the product release requirements.

The provincial drug regulatory authority at the place where the transferee is located shall focus on strengthening the supervision and inspection of the transferred drugs and timely incorporate such supervision and inspection into the daily supervision plan.

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》) issued by the CFDA in August 2014, only when a drug manufacturer temporarily lacks manufacturing conditions due to technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, can such drug manufacturer entrust the manufacturing of the drug to another domestic drug manufacturer. Such contract manufacturing arrangements shall be approved by the provincial branch of the NMPA.

The Administrative Measures on Supervision of Drug Manufacturing (《藥品生產監督管理辦法》) promulgated by the SAMR 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. Drug marketing authorization holders entrusting others to manufacture drugs shall enter into outsourcing agreements and quality agreements with qualified drug manufacturing enterprises and submit the relevant agreements together with the actual manufacturing site application materials to the competent drug administrative authority in order to apply for the Drug Manufacturing Certificate.

REGULATIONS AND POLICIES ON NEW DRUGS

Application for New Drug Registration

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

Non-clinical Research and Animal Testing

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

According to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission in November 1988 and lastly amended in March 2017 by the State Council, the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision in December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities in December 2001 and came into effect in January 2002, using experimental animals and related products requires a Certificate for Utilization of Laboratory Animals. A Certificate for Utilization of Laboratory Animals shall be valid for five years, and the holder shall apply for renewal six months prior to the expiry of the validity period. A Certificate for Utilization of Laboratory Animals shall be inspected annually by the local Science and Technology Bureau.

Application for Clinical Trial

After completing the preclinical studies, the applicant must obtain approval for clinical trials of drugs from the NMPA before the conduction of new clinical drug trials. According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017 and came into effect on May 1, 2017, the decision on the approval of clinical trials of drugs enacted by the CFDA can be made by the CDE from May 1, 2017.

Pursuant to the Drug Administration Law, the dossier on a new drug research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the relevant data, files and samples, shall, in accordance with the regulations of the drug regulatory authority under the State Council be truthfully submitted to the said department for approval before clinical drug trial is conducted.

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

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

clinical trial to obtain the unique registration number of the trial; and complete the subsequent data registration before the first patient is enrolled and submit it for the first time for disclosure.

After obtaining clinical trial approval, the applicant shall choose institutions qualified for clinical trials of the drug to conduct clinical trials. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect in December 2019, if engaging in drug development activities and conducting clinical trials of drugs (including BE study conducted after filing) approved by the NMPA within the territory of the PRC, they shall be conducted in the Drug Clinical Trial Institutions. Drug clinical trial institutions shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The national drug regulatory authority is responsible for setting up a filing management information platform for drug clinical trial institutions for registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information on supervision and inspection of the drug regulatory authority and competent healthcare authority.

Clinical Trial

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

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

Clinical trials shall be conducted for the application of new drug registration and shall be implemented in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), promulgated by the NMPA and NHC and came into effect on July 1, 2020. The Good Clinical Practice for Drug Trials stipulates the criteria for the entire procedure of the clinical trial including preclinical trial preparation and the necessary conditions, protection of testees' rights and interests, trial protocols, duties of researchers, duties of sponsors, duties of monitors, trial record and report, data management and statistical analysis, administration of drug products for trial, guarantee for quality, polycentric trials, with reference to the internationally recognized principles.

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

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

New Drug Application

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

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

Drug registration inspection means the inspection activities carried out for the development sites and production sites for verifying the authenticity and consistency of the application materials and the commercial production conditions for marketing of drugs, and examining the compliance of drug development, and data reliability, among others, and the extended examination activities carried out for manufacturers, suppliers, or other entrusted institutions of chemical active pharmaceutical ingredients ("APIs"), auxiliary materials, and packaging materials and containers in direct contact with drugs involved in the application for drug registration, if necessary.

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

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

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

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

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

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

On February 9, 2025, the CDE issued the Guidelines for Acceptance and Review of Applications for Registration of Chemical Drugs (Trial) (《化學藥品註冊受理審查指南(試行)》), which became effective on March 10, 2025 and prevailed its previous version, providing implementation details on IND applications for chemical drugs.

Reform of Evaluation and Approval System for Drugs

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

In November 2015, the CFDA promulgated the Announcement on Certain Policies for Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》) (the "Certain Policies Announcement"), which further clarifies the measures and policies on simplifying and accelerating the approval process on the basis of the Reform Opinions. Pursuant to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA in March 2017 and came into effect in May 2017, the clinical trial approval decisions on drugs (including domestic and imported) can be directly made by the CDE in the name of the CFDA; decisions on approval of drug supplementary applications (including domestic and imported); decisions on approval of re-registration of imported drugs.

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

NRDL

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

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

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

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

NEDL

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

The Drug Centralized Procurement in "4+7 Cities" and Nationwide

On November 15, 2018, the Joint Procurement Office published the Papers on Drug Centralised Procurement in "4+7 Cities" (《4+7城市藥品集中採購文件》, the "Paper"), which launched the national pilot scheme for drugs centralised tendering with volume-based procurement quantities. The pilot scheme will be carried out in 11 cities, including Beijing, Tianjin, Shanghai, Chongqing, Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi'an (the "4+7 cities").

On January 1, 2019, the General Office of the State Council also published the Notice of Issuing Pilot Program of the Centralised Procurement and Use of Drugs Organized by the State (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》), which provides the detailed measures in the implementation of the national pilot scheme for drugs centralised tendering with minimum procurement quantities in the 4+7 cities.

In principle, the various types of pilot drugs covered by the Pilot Program of the Centralized Procurement and Use of Drugs should be selected from the generic names of drugs that have passed the consistency assessment on quality and efficacy.

The procurement process should be based on the number of pharmaceutical enterprises selected: if three or more pharmaceutical enterprises are selected, the procurement should be conducted through an open tender process; if two enterprises are selected, the procurement should be conducted through a bargaining process; and if only one enterprise is selected, the terms of the procurement should be determined through negotiation.

According to the Implementing Opinions on Expanding the Pilot Program for Conducting Centralised Procurement and Use of Drugs by the State to Wider Areas (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) promulgated and came into effect on September 25, 2019, together with the Documents on National Centralised Drug Procurement (GY-YD2021-1) (《全國藥品集中採購文件(GY-YD2021-1)》) issued by the Joint Procurement Office on January 15, 2021, the centralised procurement program of drugs has been extended to nationwide. The centralised VBP program of drugs will be implemented on a nationwide basis. Eligible participants include all pharmaceutical manufacturers, sole agents of imported drugs and holders of marketing authorisations for drugs, provided that they own the drugs covered by the centralised purchasing program.

The NHSA, the NHC, the NMPA, the MIIT and the Ministry of Logistics and Security of the Central Military Commission jointly issued the Circular on Conducting the Second Batch of Centralised Procurement and Use of Drugs Organised by the State (《關於開展第二批國家組織藥品集中採購和使用工作的通知》) (the "Circular"), which became effective on January 13, 2020, and stipulated a number of principles for the implementation of the centralised procurement of drugs by the State in order to comprehensively deepen the reforms and to establish a standardised and regularized centralised purchasing program of drugs nationwide. The Joint Purchasing Office issued the Documents on National Centralised Drug Procurement (GY-YD2020-1) (《全國藥品集中採購文件(GY-YD2020-1)》) on July 29, 2020 to launch a new batch of centralized procurement of drugs that meet the conditions for centralised procurement.

On January 22, 2021, the General Office of the State Council issued the Opinions on Promoting the Normalisation and Institutionalisation of the Centralised VBP of Drugs (《關於推動藥品集中帶量採購工作常態化制度化開展的意見》), stating that various measures will be taken to promote the normalisation and institutionalization of the centralised VBP of drugs nationwide. All public medical institutions are required to participate in the centralised drug procurement program. The future procurement catalogue will include drugs with high market demand or high procurement prices that are included in the NRDL, and is expected to cover, as far as possible, domestically marketed drugs with clinical utility and reliable quality.

The Joint Purchasing Office issued the Documents on National Centralised Drug Procurement (GY-YD2021-2) (《全國藥品集中採購文件(GY-YD2021-2)》) on June 2, 2021, the Documents on National Centralised Drug Procurement (Insulin Specific) (GY-YD2021-3) (《全國藥品集中採購文件(胰島素專項)(GY-YD2021-3)》) on November 5, 2021, the Documents on National Centralised Drug Procurement (GY-YD2022-1) (《全國藥品集中採購文件(GY-YD2022-1)》) on June 20, 2022, the Documents on National Centralised Drug Procurement (GY-YD2023-1) (《全國藥品集中採購文件(GY-YD2023-1)》) on March 2, 2023, the Documents on National Centralised Drug Procurement (GY-YD2023-2) (《全國藥品集中採購文件(GY-YD2023-2)》) on October 13, 2023, the Documents on National Centralised Drug Procurement (Insulin Specific Continuation) (GY-YD2024-1) (《全國藥品集中採購文件(胰島素專項接續)(GY-YD2024-1)》) on March 29, 2024 and the Documents on National Centralised Drug Procurement (GY-YD2024-2) (《全國藥品集中採購文件》) on November 22, 2024, to launch multiple batches of centralised drug procurement.

Volume-based Procurement Scheme and Bidding Process

On May 20, 2024, the NHSA published the Notice of the National Healthcare Security Administration on Further Promotion of the Experience of Medical Reform in San Ming City and to Continuously Promote the Innovative Development of Medical Insurance (Yibaohan [2024] No. 25) (《國家醫療保障局關於進一步推廣三明醫改經驗持續推動醫保工作創新發展的通知》(醫保函[2024]25號)), providing guidance on volume-based procurement practices, aiming to aggressively promote the volume-based procurement of drugs and high-value medical consumables organized by national authorities. It emphasizes the need to strengthen coordination among regions, guide and promote local governments to conduct volume-based procurement in a regulated manner, and support the targeted expansion of the range of drugs and medical consumables under the volume-based procurement scheme. This expansion is to be led by willing and responsible provinces, with the participation of all provinces. The notice aims to establish a new pattern of volume-based procurement, where the provinces organize the volume-based procurement of drugs and high-value medical supplies, the national alliance, led by provinces, acts as the main body, and provincial-level centralized procurement serves as a supplement.

On May 14, 2024, the National Healthcare Security Administration published the Notice of the National Healthcare Security Administration on Strengthening Regional Coordination to Improve the Quality and Coverage of the Centralized Procurement in 2024 (Yibaobanfa [2024] No. 8) (《國家醫療保障局辦公室關於加強區域協同做好2024年醫藥集中採購提質擴面的通知》(醫保辦法[2024]8號), the "2024 Notice"), improve the centralized aiming to pharmaceutical procurement system, promote the quality and coverage of centralized VBP, and further enhance the capacity and scale of local procurement alliances. The goal is to achieve linkage and coordinated progress at the national and local levels, including but not limited to the following:

I. Expanding the Scope of the Alliance and Forming a National Alliance for Centralized Procurement

The National VBP initiative will be conducted by the Joint Procurement Office for both drugs and consumables, with all provinces required to participate and actively implement these schemes. Provincial VBP efforts will enhance coordination at the national level and, when certain conditions are met, will be integrated into a national alliance for centralized procurement (the "National Alliance VBP").

Lead provinces are responsible for strengthening communication and coordination with the NHSA, inviting all provinces to join the formation of the National Alliance VBP. The NHSA will oversee and guide the National Alliance VBP, coordinating expert support and improving the standardization of work processes. Lead provinces should leverage their experience with national and local VBPs to conduct thorough investigations, gather opinions and suggestions from various stakeholders, and develop targeted procurement rules tailored to product features. These provinces are also tasked with organizing procurement in a standardized manner.

All provinces are expected to participate in the National Alliance VBP, actively contribute ideas, monitor and manage the execution of VBP, and maximize its value. For key aspects such as quantity management, adherence to agreed VBP volumes, price management of non-selected products, and network suspension, it is essential to maintain a unified approach consistent with the lead provinces to avoid "negligence" and "non-compliance" in policy implementation.

The National Alliance VBP must treat all business entities fairly and must not impose discriminatory rules based on factors such as enterprise ownership, registration location, scale, or domestic versus foreign investment. It is crucial to strictly prevent "local protectionism".

II. Strengthening Overall Planning and Coordination, and Reasonability

The NHSA will strengthen overall coordination in the selection of VBP varieties aiming to expand the scope while reducing overlap between national and local VBPs, ensuring that they complement each other. The National VBP for drugs will focus on those that have undergone evaluations for consistency in quality and efficacy. Meanwhile, the National VBP for high-value medical consumables will target items with high prices significant representation and widespread public demand.

Provinces that meet the relevant conditions are encouraged to take the lead in implementing the National Alliance VBP. This will focus on chemical drugs, proprietary Chinese medicines and Chinese herbal decoction pieces that have not yet been evaluated for consistency, as well as "major drugs" used clinically that have large purchase volumes and a broad patient base. Additionally, drugs and consumables that can be substituted or are related to the clinical use of VBP drugs will be included. Each province should conduct targeted procurement based on the characteristics and cost structure of pharmaceutical consumables in their region, the operation of healthcare funds, and the needs arising from the centralized efforts to combat corruption in the pharmaceutical sector.

In accordance with the Notice of the Office of the National Healthcare Security Administration on the Renewal of Efforts Following the Expiration of the National Organization's Volume-Based Procurement Agreement (《國家醫療保障局辦公室關於做好國家組織藥品集中帶量採購協議期滿後接續工作的通知》), alongside other pertinent regulations and policies, the formulation of the renewal of VBP falls under the purview of individual provinces or inter-provincial alliances. As of the Latest Practicable Date, there is no unified approach for the renewal of VBP agreement in the PRC, primarily relying on provincial alliances or individual province to announce the subsequent policies of the renewal of national drug VBP.

National and Provincial VBP Schemes

VBP scheme has rolled out at both national and provincial levels. The national VBP scheme is implemented by the NHSA and the Provincial VBP schemes are primarily carried out by various alliances formed by provinces and cities.

Pursuant to the Opinions of the General Office of the State Council on Promoting the Regularization and Institutionalization of Centralized Volume-Based Procurement of Pharmaceuticals (Guobanfa [2021] No. 2) (國務院辦公廳關於推動藥品集中帶量採購工作常態化制度化開展的意見(國辦發[2021]2號)), the State organizes centralized VBP for pharmaceuticals that have passed the consistency evaluation, conducts special procurement based on market conditions, and provides guidance to all localities in carrying out procurement work. All provinces shall, for pharmaceuticals within their respective administrative regions that are not included in the scope of centralized VBP organized by the State, conduct centralized VBP independently or by forming alliances with other provinces.

Drug Distribution and Two-Invoice System

According to the Implementing Opinions on Promoting the "Two-Invoice System" for Drug Procurement By Public Medical Institutions (For Trial Implementation) (《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)》) which was issued on December 26, 2016, the Two-Invoice System is a system under which invoices are issued by drug manufacturers to drug distributors on a once-off basis while invoices are issued by drug distributors to medical institutions on a once-off basis. Wholly-owned or holding commerce companies (there shall be only one commerce company throughout the country) and domestic general agents of overseas drugs (there shall be only one domestic general agent throughout the country) that are established by drug manufacturers or group enterprises integrating scientific research, manufacture, and trade to sell the drugs of these enterprise (groups) can be regarded as manufacturers. Within an enterprise that is a drug circulation group, the allocation of drugs between the group and wholly-owned (holding) subsidiaries or between wholly-owned (holding) subsidiaries should not be regarded as invoicing, but invoicing is allowed once at most.

According to the Several Opinions of the General Office of the State Council on Further Reform and Improvement in Policies of Drug Production, Circulation and Use (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》), which was issued on January 24, 2017, on a priority basis, the Two-Invoice System would be promoted in pilot provinces (autonomous regions and municipalities directly under the Central Government) and pilot cities for public hospital reform, with the goal of having it implemented nationwide by 2018. Pharmaceutical companies must comply with the Two-Invoice System in order to engage in procurement processes with public hospitals.

Gathering, Collection and Filing of Human Genetic Resources

Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) promulgated by the Ministry of Science and Technology in August 2015, the gathering and collection of human genetic resources though clinical trials by a foreign-invested sponsor shall be approved by the China Human Genetic Resources Management Office. The General Office of the Ministry of Science and Technology promulgated the Notice on Optimizing the Administrative Examination and Approval Process of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017, which has simplified the approval process for the gathering and collection of human genetic resources for the marketing of drugs in China.

Pursuant to the Regulations on the Management of Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council in May 2019 and came into effect on July 1, 2019, and the last amendment became effective on May 1, 2024, the state supports the rational use of human genetic resources for scientific research, development of the biomedical industry, improvement of diagnosis and treatment technology, improvement of China's ability to guarantee biosafety and improvement of the level of people's health. Foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources in China, or provide Chinese genetic resources to foreign countries. In addition, the gathering, preservation, utilization and external provision of Chinese genetic resources shall conform to ethical principles and conduct ethical review in accordance with relevant regulations. On May 26, 2023, the Ministry of Science and Technology issued the Implementing Rules of the Administrative Regulations on Human Genetic Resources (《人類遺傳資源管理條例實施細則》), effective from July 1, 2023, which further provided specific provisions on the collection, preservation, utilization and external provision of human genetic resources of the PRC.

On October 17, 2020, the PRC Biosecurity Law (《中華人民共和國生物安全法》) (the "Biosecurity Law") was promulgated by the SCNPC, taking effect from April 15, 2021 and latest amended on April 26, 2024. The Biosecurity Law establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants; research, development, and application of biology technology; biosecurity management of pathogenic microbials laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons.

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

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

Other Laws and Regulations in Relation to Medical Industry

Registration of Generic Drugs

According to the Drug Registration Provisions, the applicants which apply for registration of generic drugs shall be manufacturer of the same drugs. The applicant's drugs shall also be within the manufacturing scope specified in the Pharmaceutical Manufacturing Permit. Furthermore, clinical trials are required to be conducted in accordance with the Drug Registration Provisions. According to the Circular on Implementation of Record-filing Management of Bioequivalence Trials of Chemical Drug (《關於化學藥生物等效性試驗實行備案管理的公告》), the management of bioequivalence trials of chemical drug has been changed from examination and approval to record-filing. After completion of clinical trials, applicants for registration of generic drugs should submit materials of the respective clinical trials to the CDE. With reference to the technical review opinions, the NMPA will either grant a drug approval number or issue a disapproval notice.

Pursuant to the Opinions on Conducting the Consistency Evaluation for the Quality and Efficacy of Generic Drugs issued by the General Office of the State Council (《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》) promulgated on February 6, 2016 and the Opinions of Relevant Matters Concerning Implementing the Opinions on Conducting the Consistency Evaluation for the Quality and Efficacy of Generic Drugs issued by the NMPA (《關於落實〈國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見〉的有關事項的意見》) promulgated in March 2016, generic drugs approved for marketing before the implementation of the new registration classification of chemical drugs, including domestic generic drugs, imported generic drugs and the indigenous varieties of the original developed drugs, shall carry out consistency evaluation. In principle, the consistency evaluation should be completed before the end of 2018 for the oral solid preparations of generic chemicals approved for sale before October 1, 2007 listed in the National Essential Drug List (2012 version) (《國家基本藥物目錄(2012年版)》). For any other generic drugs approved for marketing before the implementation of the new classification of registration of chemical drugs, after a drug produced by a pharmaceutical enterprise passes the consistency evaluation, other pharmaceutical enterprises shall complete the consistency evaluation for their identical drugs within three years in principle; no registration will be granted in case of failure to do so as required within the prescribed time limit.

Pursuant to the Circular on Relevant Matters Concerning Consistency Evaluation for Quality and Curative Effect of Generic Drugs (《關於仿製藥質量和療效一致性評價有關事項的公告》) further promulgated by NMPA on December 28, 2018, the time limit for evaluation of the varieties included in the National Essential Drug List (2018 version) will no longer be set uniformly. For generic drugs, including essential drug varieties, approved for marketing before the implementation of new registration and classification of chemical drugs, after the first variety has passed the consistency evaluation, the same variety of other drug manufacturers should complete the consistency evaluation within 3 years in principle. If it is not completed within the time limit, the enterprise may apply to the local provincial drug regulatory authority for an extension of the evaluation if it is deemed to be clinically necessary and in short supply in the market. After research and identification organised by the provincial drug regulatory department as well as the health administrative department, an appropriate extension may be granted. If the registration is not completed within the prescribed time limit, it shall not be re-registered.

On May 12, 2020, NMPA promulgated the Circular on Conducting the Consistency Evaluation for the Quality and Efficacy of Generic Drugs of Chemical Injections (《國家藥監局關於開展化學藥品注射劑仿製藥質量和療效一致性評價工作的公告》), according to which, for the generic drugs of chemical injections that have been marketed, consistency evaluation should be carried out for the varieties that have not been approved according to the principle of consistency quality and efficacy with the original drugs. The Drug Marketing Authorization Holder shall select the reference preparations according to the catalogue of reference preparations for generic drugs issued by the NMPA, and carry out the consistency evaluation and R&D application.

Basic Medical Insurance Policy

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

Medical Insurance Catalogue

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalogue. A pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: it is set forth in the Pharmacopoeia of the PRC (current edition) (《中華人民共和國藥典》(現行版)); it meets the standards promulgated by the NMPA; and if imported, it is approved by the NMPA for import. According to the Opinions of the NHSA and the Ministry of Finance on Establishing a List-Based System for Healthcare Security Benefits (《國家醫保局、財政部關於建立醫療保障待遇清單制度的意見》), which came into effect in January, 2021, all provinces shall implement the NRDL in a strict manner, and shall not have the discretion to formulate the catalogue or increase the drugs in any form, or adjust the scope of limited payment unless explicitly stipulated. After several adjustments, the currently effective one is the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2023) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2023年)》) came into effect since January 1, 2024.

Drug Price

Pursuant to the Drug Administration Law, for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council's pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發〈推進藥品價格改革意見〉的通知》) jointly promulgated by NDRC, NHC, the Ministry of Human Resources and Social Security, Ministry of Industry and Information Technology, the Ministry of Finance, the MOFCOM and the CFDA on May 4, 2015 and came into effect on June 1, 2015. From June 1, 2015, except for narcotic drugs and first-class psychotropic drugs, the price of drugs set by the government will be cancelled.

Advertising of Pharmaceutical Products

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which was promulgated by SAMR in December 2019 and came into effect on March 1, 2020, advertisements for drugs, medical devices, health food and formula food for special medical purposes shall be true and legitimate, and shall not contain any false or misleading contents. Holders of registration certificates or filing certificates of drugs, medical devices, health food and formula food for special medical purposes as well as the production enterprises and operating enterprises authorized by such holders of certificates shall be applicants for advertising (the "Applicants").

Applicants may entrust agents to apply for the review of advertisements for drugs, medical devices, health food and formula food for special medical purposes. Applicants may submit their applications at the acceptance windows of advertisement review authorities, or may submit their applications for advertisements for drugs, medical devices, health food and formula food for special medical purposes via letters, faxes, e-mails or e-government platforms. The advertisement review authorities shall review the materials submitted by the applicant and shall complete the review within ten business days from the date of acceptance.

After review, for that advertisements that are in line with laws, administrative regulations and these Measures, approval decisions of review shall be made and advertisement approval numbers shall be issued. The validity period of the advertisement approval number for drugs, medical devices, health food and formula food for special medical purposes shall be consistent with the shortest validity period of the product registration certificate, filing certificate or production license. If no valid period is prescribed in the product registration certificate, filing certificate or production license, the valid period of the advertisement approval number shall be two years.

Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品說明書和標籤管理規定》), which was promulgated by SFDA and came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the SFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer. Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the food and drug administration and bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs that without packing standards must not be sold or traded (except for drugs for the military). NMPA release Guidelines for the Preparation of Pharmacy-related Information in Package Inserts and Labels of Chemical Drugs (Trial) (《化學藥品說明書及標籤藥學相關資訊撰寫指導原則(試行)》) which stipulate the relevant writing rules for pharmacy-related information in drug package inserts and labels.

Drug Technology Transfer

Drug technology transfer refers to the transfer of drug production technology by the owner to a drug manufacturer as the transferee and the application for drug registration by the drug manufacturer as the transferee pursuant to the laws and regulations in relation to drug technology transfer. The registration process of drug technology transfer, which includes application for, evaluation, review, approval and supervision of drug technology transfer registration, is regulated by the Administrative Measures for Drug Registration and the Administrative Regulation for Technology Transfer Registration of Drugs (《藥品技術轉讓註冊管理規定》) promulgated by the SFDA on August 19, 2009. NMPA release Administrative Measures for Post-Approval Change Management for Pharmaceutical Products, 2021 No. 8 (《藥品上市後變更管理辦法(試行)》) which specified the procedures for MAH change and manufacturing site change associated with the drug technology transfer post-approval.

Practices Relating to Services and Procurement in the Healthcare Sector

On May 17, 2024, 14 governmental authorities, including the NHC, jointly issued the Key Points for Rectifying Unethical Practices Relating to Services and Procurement in the Healthcare Sector in 2024 (《2024年糾正醫藥購銷領域和醫療服務中不正之風工作要點》) (the "2024 Key Points"), which strengthens the investigations into all forms of bribery within the pharmaceutical and medical services industry. The 2024 Key Points emphasize the need for improved management of medical institutions in the use of selected drugs and medical consumables. They focus on addressing illegal activities that inflate drug prices, disrupt drug distribution, and involve commercial bribery in the pharmaceutical sector. Additionally, the 2024 Key Points call for the optimization of internal management, standardization of business practices, and the establishment and enhancement of internal control systems to effectively prevent and mitigate operational risks. Furthermore, they aim to improve core medical systems to ensure reasonable examinations, medications, treatments, and standardized charges during patient visits.

Administration of Pathogenic Microorganism Laboratories

According to the Regulations on the Bio-safety Management of Pathogenic Microbe Laboratories (《病原微生物實驗室生物安全管理條例》) promulgated by State Council and latest amended in December 2024, the pathogenic microorganism laboratories are classified into Level 1, Level 2, Level 3 and Level 4 in accordance with its biosafety level for pathogenic microorganisms and the national standards for the bio-safety. Laboratories at Bio-safety Level 1 and Level 2 are forbidden to conduct experimental activities relating to any highly pathogenic microbes. Laboratories at Bio-safety Level 3 and Level 4 shall meet certain requirements to conduct experimental activities relating to any highly pathogenic microbes. Newly building, rebuilding or expanding of Bio-safety Level 1 or Level 2 laboratories shall file with the relevant health administrative department or veterinary administrative department in the municipal people's government of the place where it is built. The laboratories of Bio-safety Level 3 and Level 4 shall be subject to the state accreditation for laboratories. Laboratories passing accreditation will be granted with certificates for Bio-safety Laboratories at corresponding level. The certificate will be effective for five years.

Laws and Regulations in Relation to Intellectual Property

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》) (the "Patent Law"), which was promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "Implementation Rules"), promulgated by the State Council on June 15, 2001 and latest amended on December 11, 2023 and came into effect on January 20, 2024. The Patent Law and the Implementation Rules provide for three types of patents, namely "invention," "utility model" and "design." "Invention" refers to any new technical solution relating to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and "design" refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for "invention" is twenty (20) years; the duration of a patent right for "utility model" is ten (10) years; and the duration of a patent right for "design" is fifteen (15) years, all of which duration are from the date of application. According to the Patent Law, for the purpose of public health, the patent administrative department of the State Council may grant mandatory licensing for patented drugs manufactured and exported to countries or regions which comply with the provisions of the relevant international treaty participated by the PRC.

The newly amended Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, and stipulates that the Patent Administration Department under the State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review and examination and approval of the listing of a new drug on the market. The compensated extension shall not exceed five (5) years, and the total valid patent term after the new drug is approved for the market shall not exceed fourteen (14) years. Such newly adopted patent term extension rule benefits the Company through providing longer protection terms of patents applied or registered in the PRC and related to our product candidates. This rule needs to be further elaborated by the competent authority, and the benefits we could enjoy are subject to the relevant clarifications and explanations.

Trademarks

Registered trademarks in the PRC are mainly protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982 and latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which were promulgated by the State Council on August 3, 2002 and latest amended on April 29, 2014 and came into effect on May 1, 2014. The Trademark Office is responsible for the registration and administration of trademarks throughout China and grants a term of ten (10) years to registered trademarks. When it is necessary to continue using the

registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal within twelve (12) months before the expiration in accordance with the requirements. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten (10) years as of the next day of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

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 last amended on January 30, 2013, and became effective on March 1, 2013. These law and regulation provide provisions on the classification of works and the obtaining and protection of copyright.

Domain Names

Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology (the "MIIT"), on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of the PRC internet domain names. Domain names registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended and effective as of April 23, 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others' trade secrets by: (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (i) above; (iii) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (iv) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets.

The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

Regulations in Relation to Foreign Direct Investment

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the National People's Congress on March 15, 2019 and came into effect on January 1, 2020, and the Regulations for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, the foreign investment refers to the investment activities in China carried out directly or indirectly by foreign natural persons, enterprises or other organizations, including the following: (i) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (ii) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (iii) Foreign Investors investing in new projects in China alone or collectively with other investors; and (iv) Foreign Investors investing through other ways prescribed by laws and regulations of the State Council. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to Foreign Investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will grant national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council.

Foreign investment in China is subject to the Catalogue for the Encouraged Investment Industries (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) issued on October 26, 2022 and took effect on January 1, 2023, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)》) (2024年版) issued on September 6, 2024, which together comprise the encouraged foreign-invested industries catalogue and the special administrative measures for the access of foreign investments to the restricted or the prohibited foreign-invested industries. The latter sets out restrictions such as percentage of shareholding and qualifications of senior management. According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which took effect on January 1, 2020, foreign investments that are not subject to special access administrative measures are only required to complete an online filing to the commerce departments.

Regulations in Relation to Overseas Direct Investment

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) (Order No. 3 [2014] of the MOFCOM, effective on October 6, 2014) promulgated by the MOFCOM, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) (Order No. 11 of the NDRC, effective on March 1, 2018), a domestic enterprise (the "investor") making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects (the "Projects"), reporting relevant information, and cooperating with the supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned "sensitive project" means a project involving a sensitive country or region or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018 to list the current sensitive industries in detail. As of the Latest Practicable Date, we do not have any "sensitive Project" involving a sensitive country or region or a sensitive industry. Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and effective on August 5, 2008, any domestic organization or individual that seeks to make a direct investment overseas or engage in the issuance or trading of negotiable securities or derivatives overseas shall make the appropriate registrations in accordance with State Council foreign exchange administrative department provisions. Any such organization or individual that is required to obtain approval from or make a filing with the relevant competent authority in accordance with state provisions shall undergo the approval or filing formalities before making said registrations.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (hereinafter referred to as the "Circular 59"), which was promulgated by the State Administration of Foreign Exchange (the "SAFE") on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the

same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on 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》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks. On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version) (《資本項目外匯業務指引(2024年版)》), which came into effective on May 6, 2024, and stipulates guidelines for the capital account foreign exchange business.

Regulations in Relation to Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018 (the "Product Quality Law"), is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and coming into effect on January 1, 2021, where a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder, producer or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 and came into effect on March 15, 2014 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. All business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Regulations in Relation to Production Safety

The Production Safety Law of the PRC (《中華人民共和國安全生產法》), promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021 and came into effect on September 1, 2021, is the basic law for governing production safety. It provides that, any entity whose production safety conditions do not meet the requirements may not engage in production and business operation activities. The production and business operation entities shall educate and train employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, are familiar with the relevant regulations and rules for safe production and the rules for safe operation, master the skills of safe operation in their own positions, understand the emergency measures, and know their own rights and duties in terms of production safety. Employees who fail the education and training programs on production safety may not commence working in their positions. Safety facilities of new building, rebuilding or expanding project (the "construction project") shall be designed, constructed and put into operation simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

Regulations in Relation to Drug Recall

According to the Measures on Drug Recall (《藥品召回管理辦法》) promulgated on December 10, 2007, latest amended in October 2022 and came into effect on November 1, 2022, a drug manufacturer should establish and improve its recall system by collecting relevant information about drug safety and making an investigation and evaluation with respect to any drugs with potential safety hazards. If there are any potential safety hazards that endanger human health and life safety in respect of any drugs sold in the PRC, such manufacturer must start the drug recall procedures. Where a drug is recalled, the drug operating units and users should assist such manufacturer to satisfy its recall obligations by communicating the drug recall information and any feedback, controlling and recovering such drugs according to the recall plan.

Regulations in Relation to Environmental Protection and Fire Safety

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and latest amended on April 24, 2014 and came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and latest amended on July 16, 2017 and came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

According to the Administrative Measures on Pollutant Discharge Permit (《排污許可管理辦法》) issued by the Ministry of Ecology and Environment on April 1, 2024 and came into effect on July 1, 2024, enterprises, public institutions and other producers and operators that are subject to the administration of pollutant discharge permits shall apply for pollutant discharge permit and discharge pollutants in accordance with the requirements of the pollutant discharge permit; and those who have not obtained the pollutant discharge permits shall not discharge pollutants. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological drugs and products falls into the classification management scope for fixed source pollution permits.

Pursuant to the Fire Protection 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 on April 29, 2021 and effective therefrom, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business.

Regulations in Relation to 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. In addition, wages shall not be lower than local minimum wages. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC 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, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit.

Regulations in Relation to Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the "Prevention and Control of Occupational Diseases Law"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

Regulations in Relation to Information Security and Data Privacy

Data Security and Export

The Standing Committee of the National People's Congress (the "NPCSC") promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures for Security Assessment of Data Export (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), a data handler that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification, if such data handler accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year.

Personal Information Protection

According to the Civil Code (《民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people's personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPCSC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPCSC on November 7, 2016 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

Regulations in Relation to Value-added Tax

On December 25, 2024, the NPCSC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值税法》), which will come into effect on January 1, 2026. As of the Latest Practicable Date, it had not come into effect.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) issued by the China Securities Regulatory Commission (the "CSRC") on February 17, 2023 and effective from March 31, 2023 (hereinafter referred to as the "Trial Measures"), where a domestic company seeks overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Trial Measures. If an issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three (3) business days after submitting application documents for overseas securities issuance and listing.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC and other departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the People's Republic of China and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo the relevant procedures in accordance with the relevant regulations of the state.

We have submitted the filing application with the CSRC on January 6, 2025, which is in compliance with applicable PRC Laws and regulations. The CSRC has issued the filing notice dated June 25, 2025, confirming our completion of the filing pursuant to the new filing regime introduced by the Overseas Listing Trial Measures for the Global Offering. Our PRC Legal Advisors are of the view that up to the Latest Practicable Date, we were in compliance with the requirements in relation to the filing procedures under the Trial Measures and the relevant guidelines.

OVERVIEW

Our origin can be traced back to March 27, 2012 when our co-founders, Dr. Kang and Ms. Feng founded our Company with the support from state-owned shareholders. Leveraging Dr. Kang and Ms. Feng's successful international experience in pharmaceutical R&D and commercialization, we have become a commercial-stage pharmaceutical company that integrates R&D, production, and sales capacities, with a diversified product portfolio and a pipeline of innovative drug candidates in the largest and fastest-growing therapeutic areas in China.

On November 15, 2022, our Company was converted into a joint stock limited liability company and was renamed as Fujian Haixi Pharmaceuticals Co., Ltd. (福建海西新藥創制股份有限公司).

MILESTONES

The following table sets forth our key development milestones:

Time	Events
2012	Our Company was established as a limited liability company in the PRC
2014	We submitted the application for IND of Azilsartan Tablets to NMPA
2015	We submitted the application for IND of Sofosbuvir Tablets to NMPA
2016	We obtained the IND approval from NMPA for conducting clinical trials of Azilsartan Tablets in China
	We obtained the IND approval from NMPA for conducting clinical trials of Sofosbuvir Tablets in China
	We were qualified as a High and New Technology Enterprise (高新技術企業)
2017	We were awarded "Fujian Science and Technology Enterprise" (福建省科技型企業) by Science and Technology Department of Fujian Province (福建省科學技術廳)
	We were awarded "New Research and Development Organizations of Fujian Provincial" (福建省新型研發機構) by Science and Technology Department of Fujian Province (福建省科學技術廳)

Time	Events
2020	We obtained IND approval of C019199 from NMPA in monotherapy and commenced clinical trials for the treatment of various solid tumors
	We obtained the ANDA approval of Anbili (安必力®) in China
	We are the first pharmaceutical company in Fujian Province and among the first five pharmaceutical companies in China to obtain the MAH manufacturing license
	We were awarded with "R&D and Transformation Center of Haixi Pharma" (海西新藥研發及轉化中心) by the People's Government of Cangshan District, Fuzhou City (福州市倉山區人民政府)
2021	Anbili (安必力®) was selected in the Fourth National VBP Scheme
	We obtained the ANDA approval of Ruiantuo (瑞安妥®), Anyoufan (安优凡®) and Antuofei (安妥飞®) in China
	Ruiantuo (瑞安妥®) was selected in the Fifth National VBP Scheme
2022	We completed Phase Ia clinical trial of C019199 monotherapy
	We commenced Phase Ib/II clinical trial of C019199 monotherapy for osteosarcoma, TGCT and other malignant solid tumors
	We obtained the ANDA approval of Haihuitong (海慧通®), Haibiping (海必平®) in China
	We were awarded the first prize in the "11th China Innovation and Entrepreneurship Competition (Fujian Province)" and the "10th Fujian Innovation and Entrepreneurship Competition" (第十一屆中國創新創業大賽(福建賽區)暨第十屆福建創新創業大賽), as well as being recognized as an "Outstanding Enterprise (Growing Enterprise Group)" in the "11th China Innovation and Entrepreneurship Competition" (第十一屆中國創新創業大賽優秀企業(成長組))
	Our Company was converted into a joint stock limited company

Time	Events
2023	We obtained IND approval of C019199 from NMPA in combination with anti-PD-1 mAbs and commenced clinical trials for the treatment of various solid tumors
	We completed Phase I clinical trial of C019199 in combination with anti-PD-1 mAbs
	Haihuitong (海慧通®) was selected in the Eighth National VBP Scheme
	We launched the construction project of "Industrialization Base of Haixi Pharma" (海西新藥產業化基地) in Changle District, Binhai New City
	We were awarded with "Training Base for Drug Review and Monitoring and Evaluation Center of Fujian Province" (福建省藥品審評與監測評價中心實訓基地)
	We obtained the ANDA approval of Saixifu (赛西福®) and Shuanya (舒安亚®) in China
	We were awarded with "Cangshan's Most Promising Enterprises (2023)" (2023年倉山區最具發展潛力企業) by the People's Government of Cangshan District, Fuzhou City (福州市倉山區人民政府)
	We were recognized as one of the Specialized and Innovative Small and Medium-sized Enterprises in Fujian Province by the Department of Industry and Information Technology of Fujian Province (福建省專精特新中小企業)
2024	We commenced Phase II clinical trial of C019199 in combination with anti-PD-1 mAbs for the treatment of various solid tumors, including TNBC, CRC, pancreatic cancer, gastric cancer, esophageal squamous cell carcinoma, and head and neck squamous cell carcinoma
	We obtained the ANDA approval of Anliding (安立定®), Anfeiping (安飞平®) and Yinganke (盈安可®) in China
	We were recognized as one of the National Specialized and Innovative "Little Giant" Enterprises by the Ministry of Industry and Information Technology (國家專精特新「小巨人」企業)
	Saixifu (赛西福®) was selected in the Tenth National VBP Scheme

OUR SUBSIDIARY

As of the Latest Practicable Date, our Company had one wholly-owned subsidiary established in the PRC, namely Haixi Fuzhou, details of which are set forth below:

Subsidiary	Date of Establishment	Registered Capital	Principal Business Activities	Shareholding Change
Haixi Fuzhou	June 30, 2022	RMB160.0 million	Manufacture, wholesale, retail and commissioned manufacture of pharmaceutical products	A wholly-owned subsidiary of our Company since its establishment

For details of Haixi Fuzhou, see Note 13 to the Accountants' Report in Appendix I to this prospectus.

CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation and Early Development of Our Company

Establishment of our Company

On March 27, 2012, our Company was established by Dr. Kang, together with the assistance of Ms. Feng, and three state-owned Shareholders, namely Datong Capital, Fuzhou Investment and Huaqiao Industrial, as a limited liability company under the laws of the PRC with an initial registered capital of RMB40.0 million, which had been fully paid up as of the Latest Practicable Date. Upon the establishment, our Company was owned as to 37.5%, 25%, 25% and 12.5% by Datong Capital, Fuzhou Investment, Dr. Kang and Huaqiao Industrial, respectively. Datong Capital was a wholly-owned subsidiary of Fujian Province Investment Development Group Co., Ltd.* (福建省投資開發集團有限責任公司) ("**Fujian Investment Development Group**"), which in turn was controlled by Fujian SASAC. As at the time of our establishment, Fuzhou Investment was a wholly-owned subsidiary of Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) ("**Fuzhou Financial Holding Group**"), which in turn was a wholly-owned subsidiary of Fuzhou Municipal Finance Bureau (福州市財政局). Huaqiao Industrial was a wholly-owned subsidiary of Fujian Metallurgical Holding Co., Ltd.* (福建省冶金(控股)有限責任公司), which in turn was controlled by Fujian SASAC.

Equity transfer in 2013

In response to the approval from Fujian SASAC in relation to the gratuitous transfer of certain assets of Huaqiao Industrial, Huaqiao Industrial and Fujian Pharmaceutical Group, a wholly-owned subsidiary of Fujian SASAC, entered into an equity transfer agreement on August 6, 2013, pursuant to which, Huaqiao Industrial transferred the registered capital of RMB5.0 million it held in our Company, representing 12.5% equity interest, to Fujian Pharmaceutical Group for nil consideration. The above equity transfer was approved by the then Shareholders on August 6, 2013 and was completed on August 23, 2013.

Equity transfer and capital increase in 2017

On April 5, 2017, in response to the approval issued by the Fujian Investment Development Group, Datong Capital and Huaxing Venture, a wholly-owned subsidiary of Fujian Investment Development Group, entered into an absorption and merger agreement, pursuant to which, Datong Capital was merged by absorption by Huaxing Venture and Huaxing Venture would undertake and inherit all the assets, liabilities and all other rights and obligations of Datong Capital. Following the above merger by absorption, the registered capital of RMB15.0 million in our Company held by Datong Capital, representing 37.5% equity interest, was transferred to Huaxing Venture for nil consideration. The above equity transfer was approved by the then Shareholders on August 2, 2017 and was completed on August 22, 2017.

To better leverage Dr. Kang's extensive industry experience and professional background in the pharmaceutical sector, and to strengthen his control and management of the Group, after fulfilling necessary filing procedures, the three state-owned Shareholders of our Company, namely Fujian Pharmaceutical Group, Huaxing Venture and Fuzhou Investment, agreed to transfer the then 40% equity interest of our Company in total to Dr. Kang. Pursuant to the equity transfer agreements dated September 29, 2017 and September 30, 2017, Fujian Pharmaceutical Group transferred the registered capital of RMB2.68 million it held in our Company, representing 6.7% equity interest, to Dr. Kang for a consideration of RMB3.35 million; Huaxing Venture transferred the registered capital of RMB8.0 million it held in our Company, representing 20% equity interest, to Dr. Kang for a consideration of RMB10.0 million and Fuzhou Investment transferred the registered capital of RMB5.32 million it held in our Company, representing 13.3% equity interest, to Dr. Kang for a consideration of RMB6.65 million. The above considerations were determined with reference to the appraisal result filed with the Fujian SASAC prepared by an independent professional valuer and were settled in cash on October 23, 2017 by Dr. Kang utilizing loans provided by Huaxinyue Investment. For details of loan arrangement between Dr. Kang and Huaxinyue Investment, see "— Equity transfer in 2021" in this section. Following the abovementioned equity transfer from the three state-owned Shareholders to Dr. Kang, Dr. Kang had become the single largest shareholder of our Company.

Pursuant to the capital increase agreement dated November 30, 2017, the registered capital of our Company was increased from RMB40.0 million to RMB45.0 million and the increased registered capital of RMB5.0 million was subscribed by Tairuihe Investment for a consideration of RMB6.25 million. The above capital increase was approved by the then Shareholders on November 30, 2017 and completed on December 7, 2017. Tairuihe Investment is one of our employee shareholding platforms. For details, see "— Employee Shareholding Platforms" in this section.

Equity transfer in 2018

In response to the approval issued by Fuzhou Municipal Finance Bureau for the purpose of streamline certain state-owned assets held by various entities, Fuzhou Investment and Fuzhou Capital, a wholly-owned subsidiary of Fuzhou Financial Holding Group (wholly owned by Fuzhou Municipal Finance Bureau (福州市財政局)), entered into an equity transfer agreement on January 10, 2018, pursuant to which, Fuzhou Investment transferred the registered capital of RMB4.68 million it held in our Company, representing 10.4% equity interest, to Fuzhou Capital for nil consideration. The above equity transfer was completed on January 30, 2018.

Capital increase in 2018 and 2019

Pursuant to the capital increase agreement dated May 21, 2018, the registered capital of our Company was increased from RMB45.0 million to RMB52,593,750 and the increased registered capital of RMB7,593,750 was subscribed by Zhanhongda Investment for a consideration of RMB27.0 million. The above capital increase was approved by the then Shareholders on May 21, 2018 and was completed on June 7, 2018. For details, see "— Pre-IPO Investments" in this section.

Pursuant to the capital increase agreement dated January 15, 2019, the registered capital of our Company was increased from RMB52,593,750 to RMB55,406,250 and the increased registered capital of RMB2,812,500 was subscribed by Hongrang Investment for a consideration of RMB10.0 million. The above capital increase was approved by the then Shareholders on January 15, 2019 and was completed on January 25, 2019. For details, see "— Pre-IPO Investments" in this section.

Capital increase in 2020

Pursuant to the shareholders' resolutions dated November 24, 2020, the registered capital of our Company was increased from RMB55,406,250 to RMB62,101,170. Amongst the increased registered capital of RMB6,694,920, Jindongshi Capital subscribed the registered capital of RMB3,924,610 for a consideration of RMB42.5 million and Xinrui Investment subscribed the registered capital of RMB2,770,310 for a consideration of RMB30.0 million, respectively, pursuant to the capital increase agreement dated December 8, 2020. The above capital increase was completed on December 18, 2020. For details, see "— Pre-IPO Investments" in this section.

Equity transfer in 2021

Dr. Kang entered into a convertible loan agreement with Huaxinyue Investment on September 27, 2017 ("**Convertible Loan Agreement**") in order to raise funds for acquiring the then 40% equity interest of our Company from the three state-owned Shareholders, namely Fujian Pharmaceutical Group, Huaxing Venture and Fuzhou Investment.

Pursuant to the Convertible Loan Agreement and the arrangements between Dr. Kang and Huaxinyue Investment:

(i) Huaxinyue Investment agreed to provide convertible loans of principal amount of RMB20.0 million with an interest rate of 10% per annum to Dr. Kang for a term of five years;

(ii) Huaxinyue Investment was granted an irrecoverable conversion option (the "**Conversion Option**") to convert the loans into equity interest of our Company at its discretion;

(iii) upon the exercise of the Conversion Option, the loan underlying the Convertible Loan Agreement shall be interest-free; and

(iv) the converted equity interest of our Company upon exercise of the Conversion Option shall be calculated based on RMB20.0 million divided by the lower of (i) RMB400.0 million; or (ii) 75% of valuation of our Company from the most recent round of financing completed prior to exercise of the Conversion Option.

Huaxinyue Investment decided to exercise the Conversion Option in December 2021. Accordingly, Dr. Kang entered into an equity transfer agreement on December 10, 2021, pursuant to which Dr. Kang transferred the registered capital of RMB3,105,060 he held in our Company, representing approximately 5% equity interest, to Huaxinyue Investment. The above equity transfer was completed on December 28, 2021 and Dr. Kang has discharged all of his obligations under the loan arrangement with Huaxinyue Investment upon the completion of the equity transfer. For details, see "— Pre-IPO Investments" in this section.

Upon the completion of the above capital increases and equity transfers and immediately before the Track Record Period, the shareholding structure of our Company was as follows:

No.	Shareholder	Registered Capital *(RMB)*	Shareholding *(%)*
1.	Dr. Kang	22,894,940	36.87
2.	Zhanhongda Investment	7,593,750	12.23
3.	Huaxing Venture	7,000,000	11.27
4.	Tairuihe Investment	5,000,000	8.05
5.	Fuzhou Capital	4,680,000	7.54
6.	Jindongshi Capital	3,924,610	6.32
7.	Huaxinyue Investment	3,105,060	5.00
8.	Hongrang Investment	2,812,500	4.53
9.	Xinrui Investment	2,770,310	4.46
10.	Fujian Pharmaceutical Group	2,320,000	3.74
	Total	**62,101,170**	**100.00**

Capital increase and equity transfer in 2022

Pursuant to the capital increase agreement dated July 25, 2022, the registered capital of our Company was increased from RMB62,101,170 to RMB67,207,270. Amongst the increased registered capital of RMB5,106,100, Jindonghong Capital subscribed the registered capital of RMB4,485,090 for a consideration of RMB130.0 million, Hongpan Investment subscribed the registered capital of RMB396,760 for a consideration of RMB11.5 million and Tairuihong Investment subscribed the registered capital of RMB224,250 for a consideration of RMB6.5 million. Tairuihong Investment is one of our employee shareholding platforms, for details, see "— Employee Shareholding Platforms" in this section. For details of Jindonghong Capital and Hongpan Investment, see "— Pre-IPO Investments" in this section.

Pursuant to an equity transfer agreement dated July 27, 2022, Dr. Kang transferred the registered capital of RMB224,250 he held in our Company, representing approximately 0.33% equity interest, to Huifu Chuangjing for a consideration of RMB6.5 million. For details, see "— Pre-IPO Investments" in this section.

The above capital increase and equity transfer were approved by the then Shareholders on July 27, 2022 and were completed on July 29, 2022.

Conversion into a Joint Stock Limited Liability Company

Along with the development and expansion of the business of the Company, after several rounds of shareholding changes and registered capital changes, our Company was converted into a joint stock company with limited liabilities with 67,207,270 Shares in a nominal value of RMB1.0 each on November 15, 2022, with its name changed from "福建海西新藥創制有限公司" to "福建海西新藥創制股份有限公司".

Pursuant to the promoters' agreement entered into by all the then Shareholders dated October 24, 2022 and the resolutions resolved by all the then Shareholders dated October 27, 2022, (i) a portion of our Company's net assets value in an amount of RMB286,842,722.67 as of July 31, 2022 was converted into 67,207,270 Shares with a nominal value of RMB1.0 each, which were issued to the then Shareholders in proportion to their respective equity interest in the registered capital of our Company, and (ii) the remaining net assets value of RMB219,635,453 were credit as capital reserves of our Company.

Upon the completion of the conversion into a joint stock limited company, the shareholding structure of our Company was as follows:

No.	Shareholder	Number of Shares	Shareholding *(%)*
1.	Dr. Kang	22,670,690	33.73
2.	Zhanhongda Investment	7,593,750	11.30
3.	Huaxing Venture	7,000,000	10.42
4.	Tairuihe Investment	5,000,000	7.44
5.	Fuzhou Capital	4,680,000	6.96
6.	Jindonghong Capital	4,485,090	6.67
7.	Jindongshi Capital	3,924,610	5.84
8.	Huaxinyue Investment	3,105,060	4.62
9.	Hongrang Investment	2,812,500	4.18
10.	Xinrui Investment	2,770,310	4.12
11.	Fujian Pharmaceutical Group	2,320,000	3.45
12.	Hongpan Investment	396,760	0.59
13.	Huifu Chuangjing	224,250	0.33
14.	Tairuihong Investment	224,250	0.33
	Total	**67,207,270**	**100.00**

Equity Transfer in 2024 and 2025

On December 15, 2020, Dr. Kang and Ms. Feng entered into a marital property agreement, pursuant to which: (i) all equity interests held by Dr. Kang in our Company shall be considered as communal property acquired during their marriage; and (ii) that they will reach a consensus through discussion before making any major decisions regarding our Company, voting unanimously at Shareholders' meetings.

To reflect the abovementioned marital property arrangement, on November 29, 2024, and January 1, 2025, Dr. Kang transferred the registered capital of RMB9,918,426 he held in our Company, representing approximately 14.76% of our Company's equity interest, to Ms. Feng for a consideration of RMB11,443,880 settled on December 6, 2024 and January 1, 2025, respectively. The abovementioned equity transfers were completed on January 1, 2025.

Upon the completion of the abovementioned equity transfers, the shareholding structure of our Company was as follows:

No.	Shareholder	Number of Shares	Shareholding *(%)*
1.	Dr. Kang	12,752,264	18.97
2.	Ms. Feng[(1)]	9,918,426	14.76
3.	Zhanhongda Investment	7,593,750	11.30
4.	Huaxing Venture	7,000,000	10.42
5.	Tairuihe Investment	5,000,000	7.44
6.	Fuzhou Capital	4,680,000	6.96
7.	Jindonghong Capital	4,485,090	6.67
8.	Jindongshi Capital	3,924,610	5.84
9.	Huaxinyue Investment	3,105,060	4.62
10.	Hongrang Investment	2,812,500	4.18
11.	Xinrui Investment	2,770,310	4.12
12.	Fujian Pharmaceutical Group	2,320,000	3.45
13.	Hongpan Investment	396,760	0.59
14.	Huifu Chuangjing	224,250	0.33
15.	Tairuihong Investment	224,250	0.33
	Total	**67,207,270**	**100.00**

Note:

1. Ms. Feng shall not be regarded as a pre-IPO investor following the above equity transfers as (i) the primary intention behind the aforementioned equity transfers is to formalize the marital property arrangement between Dr. Kang and Ms. Feng, stipulating that all equity interests held by Dr. Kang in the Company shall be considered as community property of Dr. Kang and Ms. Feng. Based on the above, the aforementioned equity transfers are not a financial investment providing funds for the Company. Instead, they serve the purpose of formalizing the arrangement in the Marital Property Agreement within the shareholding structure of the Company; and (ii) Ms. Feng is a co-founder of the Company and has been actively involved in the management of the Group for an extended period. Furthermore, pursuant to the marital property agreement, Ms. Feng and Dr. Kang have agreed to act in concert to vote unanimously at shareholders' meetings of the Company. Therefore, Ms. Feng and Dr. Kang together have significant influence over the management and control of the Group. They have made substantial contributions to the Group's growth through their joint efforts since the Group was founded, which further demonstrates that the aforementioned equity transfers are not an investment made by Ms. Feng but rather a reflection of their collaborative partnership in building up the business.

As of Latest Practicable Date, pursuant to the Listing Rules, our group of Controlling Shareholders collectively owned approximately 41.17% of the total issued share capital of our Company, comprising (i) 18.97% of the equity interest of our Company directly held by Dr. Kang; (ii) 7.44% of the equity interest of our Company held by Tairuihe Investment; and (iii) 14.76% of the equity interest of our Company held by Ms. Feng. For details, see "Relationship with Our Controlling Shareholders" in this prospectus.

MATERIAL ACQUISITIONS, MERGE AND DISPOSAL

During the Track Record Period, we have not conducted any acquisitions, disposals or mergers that we consider to be material to us.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further enhance our development, Tairuihe Investment and Tairuihong Investment were established as our employee shareholding platforms.

Tairuihe Investment

Tairuihe Investment is a limited partnership established in the PRC on May 30, 2016 and managed by its sole general partner, Dr. Kang (our Executive Director, chairman of the Board and general manager). As of the Latest Practicable Date, Dr. Kang held approximately 52.83% of its partnership interest and the remaining approximately 47.17% partnership interest was held by 43 limited partners, including: (i) one member of senior management of our Company, namely Mr. Hu Kai (胡凯) (our deputy general manager), who held approximately 4.59% of its partnership interest; (ii) one Supervisor, namely Ms. Chen Xia (陳霞), who held approximately 1.84% of its partnership interest and (iii) 41 other present or former employees of our Company, who held an aggregate of approximately 40.74% of its partnership interest. None of these limited partners held 5.0% of partnership interest or more in Tairuihe Investment. Tairuihe Investment directly held approximately 7.44% equity interest in our Company as of the Latest Practicable Date.

Tairuihong Investment

Tairuihong Investment is a limited partnership established in the PRC on July 15, 2022 and its sole general partner is Ms. Lin Na (林娜) (one of our present employee). As of the Latest Practicable Date, Ms. Lin Na held approximately 1.07% of its partnership interest and the remaining approximately 98.93% partnership interest was held by 40 limited partners, including: (i) two members of senior management of our Company, namely Mr. Hu Kai (our deputy general manager) and Ms. Zhang Junhuan (張俊環) (our finance director and secretary of the Board), who held approximately 7.66% and 4.59% of its partnership interest, respectively and (ii) 38 other present or former employees of our Company, who held an aggregate of approximately 86.68% of its partnership interest. None of these limited partners held more than one-third of partnership interest in Tairuihong Investment. Tairuihong Investment directly held approximately 0.33% equity interest in our Company as of the Latest Practicable Date.

PRE-IPO INVESTMENTS

To provide part of the financing required for the business development, capital expenditures and general working capital of our operating entities in the PRC, our Company obtained several rounds of investments from the Pre-IPO Investors through subscriptions for increased registered capital of our Company and/or through transfers by the then Shareholders.

Principal Terms of the Pre-IPO Investments

The principal terms and details of the Pre-IPO Investments are set out below:

Event	Capital increase in 2018 and 2019		Capital increase in 2020	Equity transfer in 2021	Capital increase and equity transfer in 2022	
Name of investor(s)	Zhanhongda Investment	Hongrang Investment	Xinrui Investment and Jindongshi Capital	Huaxinyue Investment	Jindonghong Capital and Hongpan Investment	Huifu Chuangjing
Date of agreement	May 21, 2018	January 15, 2019	December 8, 2020	December 10, 2021	July 25, 2022	July 27, 2022
Settlement Date	April 2, 2019	March 29, 2019	December 16, 2020	December 28, 2021	July 28, 2022	July 28, 2022
Registered capital subscribed for/acquired (RMB)	7,593,750	2,812,500	6,694,920	3,105,060	4,881,850	224,250

Event	Capital increase in 2018 and 2019		Capital increase in 2020	Equity transfer in 2021	Capital increase and equity transfer in 2022	
Name of investor(s)	Zhanhongda Investment	Hongrang Investment	Xinrui Investment and Jindongshi Capital	Huaxinyue Investment	Jindonghong Capital and Hongpan Investment	Huifu Chuangjing
Amount of consideration paid (RMB)	27.0 million	10.0 million	72.5 million	20.0 million	141.5 million	6.5 million
Approximate cost per Share paid (RMB)[2]	3.56		10.83	6.44[1]	28.98	
Discount to the Offer Price[3]	95.01%		84.82%	90.97%	59.38%	

Basis of determination of the consideration	The valuation and consideration for each round of the Pre-IPO Investments were determined based on arm's length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the business, operations and status of our business and operating entities.
Lock-up Period	Pursuant to the PRC Company Law, Shares issued by our Company prior to the Listing (including those held by the Pre-IPO Investors) will be subject to a lock-up period of one year from the Listing Date.
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds from the Pre-IPO Investments for the principal business of our Company, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all the net proceeds from the Pre-IPO Investments had been utilized.
Strategic benefits of the investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional funds provided by the Pre-IPO Investors' investments in our Company and the knowledge and experience of the Pre-IPO Investors.

Notes:

1. The approximate cost per Share paid was calculated based on the formula under the Conversion Option pursuant to the Convertible Loan Agreement. For details, see "— Equity transfer in 2021" in this section.

2. Calculated based on the amount of consideration paid divided by the number of Shares as adjusted after the completion of the Pre-IPO Investments and immediately before the Global Offering.

3. The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$78.14 per Share, being the mid-point of the Offer Price range and the exchange rate in this prospectus.

Rights of the Pre-IPO Investors

The Pre-IPO Investors have been granted certain special rights, including but not limited to pre-emptive right, right of first refusal, drag-along right, liquidation preference right and redemption right. Pursuant to the termination agreement in relation to the Pre-IPO Investments dated March 19, 2023, all of the special rights granted to the Pre-IPO Investors ceased to be effective with immediate effect.

Redemption Right

The redemption right was solely subject to arrangements between certain Shareholders and Dr. Kang (our Executive Director, chairman of the Board and general manager). Such arrangement stipulated that if the Company fails to complete a qualified financing arrangement or initial public offering, or if other triggering events for redemption occur, certain Shareholders would have the right to require Dr. Kang (and not the Company) to repurchase their Shares. Given that the obligor for the redemption right is Dr. Kang personally and not the Company, and the Company has no obligation to repurchase the Shares, no redemption liability was recorded during the Track Record Period in respect of such redemption right.

The Company confirms that: (1) there are no other side arrangements between the Company and the Pre-IPO Investors or between the Company and Dr. Kang in relation to the redemption right; and (2) the Company has not provided any guarantee for the redemption right granted by Dr. Kang under the aforementioned arrangement in case of default by Dr. Kang. Dr. Kang has also confirmed that there are no other side arrangements between him and the Pre-IPO Investors in relation to the redemption right.

Information about the Pre-IPO Investors

The background information of our Pre-IPO Investors is set out below:

(a) **Zhanhongda Investment**: Zhanhongda Investment is a limited partnership established under the laws of the PRC on December 14, 2016 and its sole general partner is Mr. Tu Liandong (涂連東). As of the Latest Practicable Date, Mr. Tu Liandong held approximately 0.92% of its partnership interest and the remaining partnership interest was held by 49 limited partners and none of which held more than 30% of its partnership interest. Each of our executive Director, chairman of the Board and general manager Dr. Kang and our Supervisor Ms. Chen Xia (陳霞) is one of the limited partners of Zhanhongda Investment, directly holding approximately 5.54% and 0.37% of its partnership interest, respectively.

(b) **Jindonghong Capital**: Jindonghong Capital is a limited partnership established under the laws of the PRC on July 15, 2022 and its sole general partner is Xiamen Jindongshi Private Equity Fund Management Co., Ltd. (厦門金東石私募基金管理有限公司) (previously named as Xiamen Jindongshi Investment Management Co., Ltd. (厦門金東石投資管理有限公司)) ("**Jindongshi Management**"), a company engaged in capital management and investment, and is owned by Mr. Tu Liandong (涂連東), Mr. Yang Jianwei (楊建威), Mr. Xing Gezhi (邢革志) and Ms. Zhang Yirang (張藝壤) as to 51%, 25%, 16% and 8%, respectively. As of the Latest Practicable Date, Jindongshi Management held approximately 1.15% of its partnership interest and the remaining partnership interest was held by 42 limited partners and none of which held more than 10% of its partnership interest. Our executive Director Mr. Chen Shuyi (陳樞儀) is one of the limited partners of Jindonghong Capital, directly holding approximately 0.77% of its partnership interest.

(c) **Jindongshi Capital**: Jindongshi Capital is a limited partnership established under the laws of the PRC on November 11, 2020 and its sole general partner is Jindongshi Management. See "(b) — Jindonghong Capital" above for details of Jindongshi Management. As of the Latest Practicable Date, Jindongshi Management held approximately 4.71% of its partnership interest and the remaining partnership interest was held by 17 limited partners and none of which held more than 30% of its partnership interest.

(d) **Huaxinyue Investment**: Huaxinyue Investment is a limited partnership established under the laws of the PRC on January 23, 2017 and its sole general partner is Ms. Li Xianhua (李仙花), an independent third party. As of the Latest Practicable Date, Ms. Li Xianhua held 20% of its partnership interest and the remaining partnership interest was held by 18 limited partners and none of which held more than 30% of its partnership interest. Our executive Director Mr. Chen Shuyi (陳樞儀) is one of the limited partners of Huaxinyue Investment, directly holding 2.50% of its partnership interest. To the best knowledge of our Directors, except Mr. Chen Shuyi, all other partners of Huaxinyue Investment are independent third parties.

(e) **Hongrang Investment**: Hongrang Investment is a limited partnership established under the laws of the PRC on May 3, 2016 and its sole general partner is Xiamen Hongshi Joint Investment Management Partnership Enterprise (Limited Partnership) (厦門鴻石聯合投資管理合夥企業(有限合夥)) ("**Hongshi Investment**"), a limited partnership engaged in investment management and is owned as to 54.75% by Mr. Chen Zhan (陳展), an independent third party, and as to 45.25% by Hongshi Yuanzhi (Xiamen) Investment Co., Ltd. (鴻石遠致(厦門)投資有限公司), which the ultimate beneficial owner is Mr. Chen Zhan (陳展). As of the Latest Practicable Date, Hongshi Investment held approximately 0.47% of its partnership interest and the remaining partnership interest was held by nine limited partners and none of which held more than 30% of its partnership interest. To the best knowledge of our Directors, Hongrang Investment is an Independent Third Party.

(f) **Xinrui Investment**: Xinrui Investment is a limited partnership established under the laws of the PRC on March 26, 2018 and its sole general partner is Shenzhen Zhongtian Fortune Fund Management Co., Ltd. (深圳中天匯富基金管理有限公司) ("**Zhongtian Fortune**"). To the best knowledge of our Directors, Zhongtian Fortune is a fund manager focusing on investment in education and high-tech sectors in the PRC and is owned by Ms. Song Cuie (宋翠娥), Mr. Huang Gang (黃罡), two independent third parties, and Shenzhen Zhongtian Huifu Investment Partnership Enterprise (Limited Partnership) (深圳中天匯富投資合夥企業(有限合夥)) as to 40%, 40% and 20%, respectively. Shenzhen Zhongtian Huifu Investment Partnership Enterprise (Limited Partnership) is owned by Mr. Huang Gang (黃罡), Mr. Wu Jiang (吳江) and Ms. Huang Lingling (黃玲令), an independent third party, as to 75%, 15% and 10%, respectively. As of the Latest Practicable Date, Zhongtian Fortune held approximately 0.65% of its partnership interest and the remaining partnership interest was held by 22 limited partners and none of which held more than 30% of its partnership interest. Our Supervisor Mr. Wu Jiang (吳江) is one of the limited partners of Xinrui Investment, directly holding approximately 0.84% of its partnership interest. To the best knowledge of our Directors, except Mr. Wu Jiang, all other partners of Xinrui Investment are independent third parties.

(g) **Hongpan Investment**: Hongpan Investment is a limited partnership established under the laws of the PRC on September 26, 2021 and its sole general partner is Hongshi Investment. See "(e) — Hongrang Investment" above for details of Hongshi Investment. As of the Latest Practicable Date, Hongshi Investment held approximately 0.41% of its partnership interest and the remaining partnership interest was held by six limited partners. Mr. Jiang Zhicheng (江志成), being its largest limited partner, held approximately 49.18% of its partnership interest and none of the other five limited partners held more than 30% of its partnership interest. To the best knowledge of our Directors, Hongpan Investment is an Independent Third Party.

(h) **Huifu Chuangjing**: Huifu Chuangjing is a limited partnership established under the laws of the PRC on July 21, 2021 and its general partner is Zhongtian Fortune. See "(f) — Xinrui Investment" above for details of Zhongtian Fortune. As of the Latest Practicable Date, Zhongtian Fortune held approximately 0.14% of its partnership interest and the remaining partnership interest was held by nine limited partners and none of which held more than 30% of its partnership interest. Our Supervisor Mr. Wu Jiang (吳江) is one of the limited partners of Huifu Chuangjing, directly holding approximately 1.01% of its partnership interest. To the best knowledge of our Directors, except Mr. Wu Jiang, all other partners of Huifu Chuangjing are independent third parties.

Confirmation from the Joint Sponsors

On the basis that (i) the Listing Date, being the first day of trading of our H Shares on the Stock Exchange will take place more than 120 clear days after the completion of the Pre-IPO Investments; and (ii) all the special rights granted to the Pre-IPO Investors have been terminated, the Joint Sponsors have confirmed that the terms of the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide.

PREVIOUS A SHARE LISTING ATTEMPT

Following the continued growth of our Company and in view of the growing potential of stock market in the PRC, our Company entered into a tutoring agreement (輔導協議) with Haitong Securities Co., Ltd. (海通證券股份有限公司) in preparation for the listing application on the Shenzhen Stock Exchange and made a preliminary filing (上市輔導備案) with the Fujian office of the CSRC (中國證券監督管理委員會福建監管局) in November 2022, which did not constitute a listing application with the CSRC ("**A Share Listing Attempt**").

Having taken into account our long-term business development plan and financing needs for our further expansion, and considered that the Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas investors, in August 2024, our Company voluntarily decided to devote our resources on the Listing on the Stock Exchange. As of the Latest Practicable Date, our Company did not submit any formal listing application in relation to the A Share Listing Attempt to any regulatory authority in the PRC nor received any material inquiries or comments from the relevant securities regulatory authorities. Our Company and the Joint Sponsors are not aware of any matters that in relation to the A Share Listing Attempt that would affect the Company's suitability for listing on the Stock Exchange or would need to be brought to the attention of the Stock Exchange.

PUBLIC FLOAT

Upon the completion of the Global Offering and Conversion of Unlisted Shares into H Shares, the H Shares held by certain of our Shareholders, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

(i) Dr. Kang and Ms. Feng, both being our executive Directors and core connected persons, the Shares held by them will not be counted towards the public float;

(ii) Tairuihe Investment is controlled by its general partner, Dr. Kang, our executive Directors and core connected person. Therefore, the Shares held by Tairuihe Investment will not be counted towards the public float;

(iii) Mr. Tu Liandong is the general partner of Zhanhongda Investment. Meanwhile, the general partner of Jindongshi Capital and Jindonghong Capital is Jindongshi Management, which is controlled by Mr. Tu Liandong. Therefore, each of Zhanhongda Investment, Jindongshi Capital and Jindonghong Capital is ultimately controlled by Mr. Tu Liandong. As Mr. Tu Liandong will, collectively and indirectly, hold over 10% of our total issued Shares immediately following completion of the Global Offering, the Shares held by each of Zhanhongda Investment, Jindongshi Capital and Jindonghong Capital will not be counted towards the public float; and

(iv) Fujian SASAC being controlled by Fujian Provincial Government is the ultimate controller of Huaxing Venture and Fujian Pharmaceutical Group. The ultimate controller of Fuzhou Capital is Fuzhou Municipal Finance Bureau (福州市财政局), which is ultimately administered and supervised by Fujian Provincial Government. As Huaxing Venture, Fujian Pharmaceutical Group and Fuzhou Capital will collectively hold over 10% of our total issued Shares immediately following completion of the Global Offering, the Shares held by each of Huaxing Venture, Fujian Pharmaceutical Group and Fuzhou Capital will not be counted towards the public float.

With respect to the indicative Offer Price range of HK$69.88, HK$78.14 and HK$86.40 per Offer Share (being the low-end, mid-point and the upper-end of the Offer Price, respectively), the expected market capitalization of the Company's H Shares at the time of Listing will be approximately HK$5.50 billion, HK$6.15 billion and HK$6.80 billion, respectively. To the best knowledge of our Directors, save as disclosed above, upon the completion of the Global Offering and Conversion of Unlisted Shares into H Shares, 21,033,130 Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately 26.72% of our total issued Shares, will be counted towards the public float. Under Rule 19A.13A(1) of the Listing Rules, in the event the expected market value of the Company's H Shares upon Listing does not exceed HK$6 billion, at least 25% of the total issued H Shares must be held by the public upon Listing, and the Company's expected public float of 26.72% will satisfy the minimum requirement of 25%. Should the expected market value exceeds HK$6.00 billion, the minimum public float requirement is the higher of (i) 15% of the total issued H Shares and (ii) such percentage of the total issued H Shares as would result in the expected market value of the H Shares held by the public being at least HK$1.50 billion upon Listing; in this scenario, the Company's expected public float of 26.72% exceeds the 15% threshold, and the market value of such H Shares held by the public would also exceed the HK$1.50 billion requirement (e.g., approximately HK$1.64 billion at the mid-point price). Therefore, the Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules in either scenario.

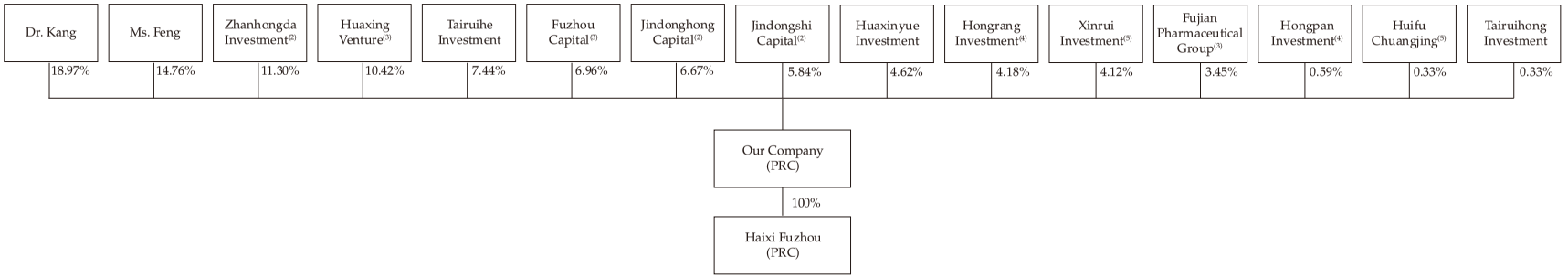
FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

The Cornerstone Investor has agreed to a lock-up period of six months following the Listing Date. As such, H Shares held by the Cornerstone Investor upon the Listing shall not be counted towards the free float of the H Shares of the Company at the time of Listing. Based on the low-end of the indicative Offer Price range at HK$69.88 per Share, our Company can still satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart illustrates the shareholding structure and corporate structure of the Group immediately prior to the completion of the Global Offering:



Notes:

(1) This chart reflects shareholding structure upon the completion of the equity transfer between Dr. Kang and Ms. Feng. For details, see "Equity Transfer in 2024 and 2025" in this section.

(2) Mr. Tu Liandong (涂連東) indirectly holds approximately 23.81% our Company's equity interest as Zhanhongda Investment, Jindonghong Capital, Jindongshi Capital are ultimately controlled by Mr. Tu Liandong (涂連東). For their details, see "— Information about the Pre-IPO Investors" in this section.

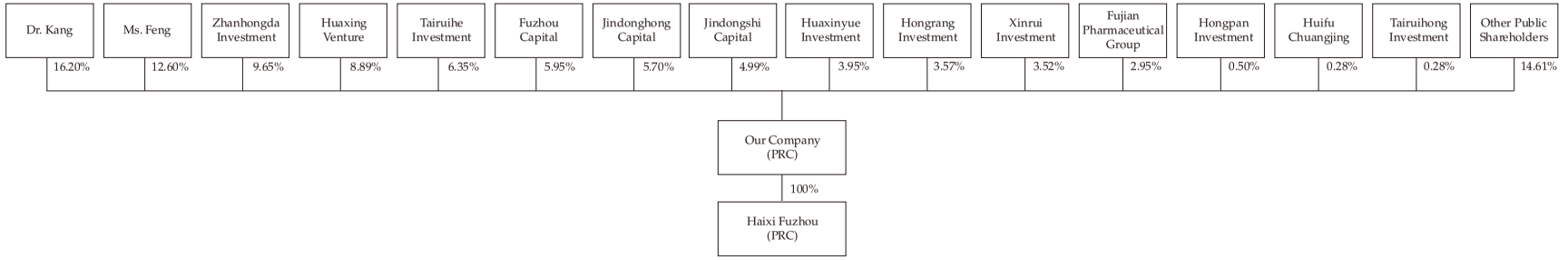
(3) Fujian SASAC indirectly holds approximately 13.87% our Company's equity interest as Huaxing Venture and Fujian Pharmaceutical Group are ultimately controlled by Fujian SASAC. For details of relationship between Fuzhou Capital, Huaxing Venture and Fujian Pharmaceutical Group, see "— Public Float" in this section.

(4) Hongshi Investment indirectly holds approximately 4.77% our Company's equity interest as Hongrang Investment and Hongpan Investment are ultimately controlled by Hongshi Investment. For their details, see "— Information about the Pre-IPO Investors" in this section.

(5) Zhongtian Fortune indirectly holds approximately 4.45% our Company's equity interest as Huifu Chuangjing and Xinrui Investment are ultimately controlled by Zhongtian Fortune. For their details, see "— Information about the Pre-IPO Investors" in this section.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following chart illustrates the shareholding structure and corporate structure of our Group immediately following the completion of the Global Offering:



Note:

(1) For details, see "— Shareholding and Corporate Structure immediately before Completion of the Global Offering" and "— Information about the Pre-IPO Investors" in this section.

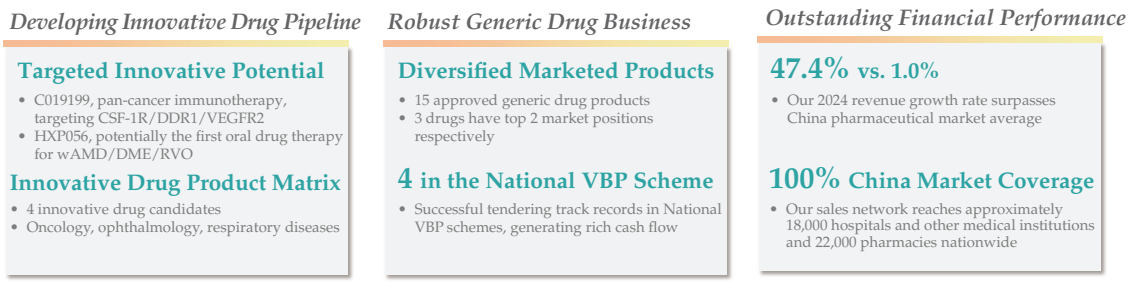
OVERVIEW

We are a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities, with a pipeline of innovative drug candidates. We have a diversified product portfolio and pipeline in the largest and fastest growing therapeutic areas in China. As of the Latest Practicable Date, our commercialized product portfolio primarily consisted of generic drugs for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases. According to CIC, these therapeutic areas accounted for over 25% of the total pharmaceutical sales in China in 2023. Our innovative drug pipeline focuses on drug candidates in a variety of indications, including one potential first-in-class oncology drug candidate, one potential first oral drug therapy for wet age-related macular degeneration (wAMD)/diabetic macular edema (DME)/retinal vein occlusion (RVO), and two other innovative preclinical-stage drug candidates in oncology and respiratory diseases. All of our innovative drug candidates are proprietarily discovered and developed in house.

We had obtained approval from the NMPA for 15 generic drugs and established a pipeline of four innovative drug candidates as of the Latest Practicable Date, making us a key market participant in the pharmaceutical industry in China. To protect our products and drug candidates throughout their lifecycle, we have established a global patent portfolio that consisted of 37 patents as of the Latest Practicable Date, including 18 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries. In addition, we plan to actively explore opportunities to collaborate with multinational corporations (MNCs) to expand our international clinical research and commercialization capacities.

In 2024, we were recognized as one of the National Specialized and Innovative "Little Giant" Enterprises by the Ministry of Industry and Information Technology (國家專精特新「小巨人」企業). In 2023, we were recognized as one of the Specialized and Innovative Small and Medium-sized Enterprises in Fujian Province by the Department of Industry and Information Technology of Fujian Province (福建省專精特新中小企業). We are the first pharmaceutical company in Fujian Province and among the first five pharmaceutical companies in China to obtain the MAH manufacturing license.

The chart below sets for some highlights of our business:



Note: Data as of the Latest Practicable Date.

Our Product Portfolio and Pipeline

Our business has adopted a dual track model, comprising both generic drugs and innovative drug candidates. For our generic drugs, we have established market position by launching a series of products that obtained regulatory approvals in a timely manner and complied with all quality requirements, with technical barriers and substantial market potential. For our four innovative drug candidates, the indication spectrum has spanned from oncology to ophthalmology and beyond. The pipelines are developed with our extensive experience in different clinical stages and funded by the rich cash flow generated from our generic drug business.

Generic Drugs

The following table sets forth selected information of the generic drugs that we had obtained approval from the NMPA.

Approved Generic Drugs[2]											
Therapeutic area	Trademark	Generic name	VBP inclusion	End date of VBP inclusion validity period[3]	Geographical area coverage	Indication	Cause of the disease	Symptoms of the disease	Current treatment method of the disease	Date of ANDA approval	Description
Digestive System	安必力®	**Mosapride Citrate Tablets**	Selected in the National VBP Scheme	June 30, 2026	Beijing, Tianjin, Jiangsu, Anhui, Guangdong, Guangxi, Yunnan, Shaanxi, Hebei, Shandong	Functional dyspepsia	Gastrointestinal motility dysfunction and environmental factors	Mainly gastrointestinal symptoms without specific manifestation	Lifestyle management, antisecretory drugs and gastrointestinal excitomotor	June 17, 2020	The first product of its kind regarded as passing the consistency evaluation in China
	安立定®	**Rebamipide Tablets**	Selected in the Provincial VBP Scheme	December 31, 2026	Fujian	Gastric mucosal lesions in acute gastritis and acute exacerbation of chronic gastritis	Unhealthy lifestyle, infectious factors, and long-term NSAIDs intakes	Pain in abdominal with or without haematemesis or melena	Symptomatic treatment, hemostasis, and medication treatment	April 24, 2024	The third product of its kind regarded as passing the consistency evaluation in China
Cardiovascular system	海慧通®[4]	**Amlodipine Besilate and Atorvastatin Calcium Tablets**	Selected in the National VBP Scheme	December 31, 2025	Zhejiang, Fujian, Jiangxi, Hubei, Guangdong, Guangxi, Shaanxi, Gansu, Qinghai	Hypertension, coronary heart disease, and hypercholesterolemia	Majority are primary, including genetic factors, unhealthy lifestyle, mental problems, etc. Minority are secondarily caused by other diseases	Mainly headache, fatigue, cardiovascular symptoms, and secondary renal injury	Lifestyle management, antihypertensive drugs, and renal denervation	January 30, 2022	/
	海必平®[3]	**Valsartan and Amlodipine Tablets (I)**	Selected in the Provincial VBP Scheme	December 31, 2025	Jiangsu, Henan, Hubei, Hunan, Inner Mongolia, Guangxi, Hainan, Xinjiang, Shanxi, Chongqing, Guizhou, Qinghai, Ningxia, Yunnan, Sichuan, Tibet, Beijing, Shaanxi, Heilongjiang	Hypertension				April 19, 2022	/
	海可喜®	**Valsartan Tablets**	Selected in the Provincial VBP Scheme	June 30, 2026	Guangdong, Anhui, Fujian, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, Tibet, Gansu, Shandong	Hypertension				June 28, 2022	/
	海惠宁®	**Bisoprolol Fumarate and Amlodipine Besilate Tablets**	No National VBP Scheme Yet	/	/	Hypertension				December 1, 2024	/
	海立平®	**Benidipine Hydrochloride Tablets**	No National VBP Scheme Yet	/	/	Primary hypertension, angina pectoris	Primary hypertension: unknown Systolic blood pressure ≥140 mmHg and/or diastolic blood pressure ≥90 mmHg; angina pectoris: narrowing or blockage of major blood vessels supplying the heart, leading to insufficient oxygen supply to the myocardial cells	Chest pain or discomfort, chest tightness, sweating, and vomiting	Lifestyle management, antihypertensive pharmacotherapy, combination therapy, Pharmacological management,	July 30, 2025	/
	舒安亚®	**Nicergoline Tablets**	No National VBP Scheme Yet	/	/	Acute or chronic cerebrovascular disease or cerebral metabolic disorders	Genetic factors, systemic metabolic disorders, infectious factors, and trauma	Mainly headache, mental or cognitive disorder	Symptomatic treatment, medication treatment and interventional therapy	November 28, 2023	The second product of its kind regarded as passing the consistency evaluation in China
Endocrine system	瑞安妥®	**Cinacalcet Hydrochloride Tablets**	Selected in the National VBP Scheme	December 31, 2025	Hebei, Guizhou, Yunnan, Gansu, Jiangsu, Anhui, Hubei, Guangxi, Chongqing, Sichuan, Shaanxi, Qinghai, Shandong, Shanghai, Inner Mongolia	SHPT	Long-term hypocalcemia, hypomagnesemia, or hyperphosphatemia caused by chronic kidney disease, intestinal malabsorption syndrome, Fanconi syndrome, etc.	Mainly bone deformities, pathological fracture, and neurotoxic symptoms	Medication treatment, parathyroidectomy, and minimally invasive treatment	March 16, 2021	/
Nervous System	安优凡®[5]	**Escitalopram Oxalate Tablets**	Selected in the Provincial VBP Scheme	December 31, 2025	Fujian, Henan, Beijing, Chongqing, Yunnan, Sichuan, Tibet, Inner Mongolia, Shaanxi, Hubei, Jiangsu, Guangdong, Guangxi, Xinjiang, Qinghai, Ningxia, Hunan, Guizhou, Shanxi, Gansu, Hainan	Depression	Has not been elucidated yet	Mainly depressive mood, retardation of thought, and hypobulia	Medication treatment, psychotherapy, and physiotherapy	March 23, 2021	/

Approved Generic Drugs[2]											
Therapeutic area	Trademark	Generic name	VBP inclusion	End date of VBP inclusion validity period[3]	Geographical area coverage	Indication	Cause of the disease	Symptoms of the disease	Current treatment method of the disease	Date of ANDA approval	Description
Inflammation	安妥飞®	Celecoxib Capsules	Not participated	/	/	Rheumatoid arthritis	Autoimmune factors, genetic factors, and infectious factors	Mainly systemic arthritis, articular pain, and deformity	Lifestyle management, medication treatment, and surgical treatment	October 11, 2021	/
						Osteoarthritis	Aging and long-term physical labor	Mainly arthritis, articular pain, deformity, and limited joint activity	Lifestyle management, reduction in physical labor, medication treatment, and surgical treatment		
						Ankylosing spondylitis (may include other indications)	Autoimmune factors, genetic factors, and infectious factors	Mainly articular pain, deformity, and limited joint activity in vertebral column, and some patients may suffer from systemic symptoms	Lifestyle management, medication treatment, surgical treatment, and physiotherapy		
	赛西福®	Hydroxychloroquine Sulfate Tablets	Selected in the National VBP Scheme	December 31, 2027	Zhejiang, Fujian, Hunan, Yunnan, Tianjin, Heilongjiang	Rheumatoid arthritis	Autoimmune factors, genetic factors, and infectious factors	Mainly systemic arthritis, articular pain, and deformity	Lifestyle management, medication treatment, and surgical treatment	October 27, 2023	The second product of its kind regarded as passing the consistency evaluation in China
						Juvenile chronic arthritis	Has not been elucidated yet, maybe related to abnormalities in immune system	Mainly fever, skin rashes, hepatosplenomegaly, pleurisy, pericarditis, and arthropathy	Symptomatic treatment, anti-inflammatory agents, immunosuppressant, and adrenocorticotropic hormone treatment, and surgical treatment		
						Systemic lupus erythematosus	Has not been elucidated yet, maybe an autoimmune disease	Characterized by skin rashes, accompanied by several viscera injuries including cardiac damage, pulmonary interstitial fibrosis, pancreatitis, etc.	Symptomatic treatment, avoiding UV light, medication treatment, and topical treatment		
						Discoid lupus erythematosus	Genetic factors, drug effects, infectious factors, endocrine factors, exposure to UV light, and disorder in immune system	Chronic and recurrent rashes on skin and mucosa	Avoiding UV light, medication treatment, and topical treatment		
	安飞平®	Diclofenac Sodium Enteric-coated Tablets	No National VBP Scheme Yet	/	/	Anti inflammatory and analgesic effect	All kinds of noxious stimulus	Topical or systemic redness, swelling, elevated body temperature, pain, and loss of function	Symptomatic treatment, and medication treatment	June 28, 2024	The first product of its kind regarded as passing the consistency evaluation in China
	盈安可®	Cobamamide Capsules	No National VBP Scheme Yet	/	/	Anemia	Impaired RBC production, hemolytic anemia, blood loss, and hypervolemia	Mainly fatigue, dizziness, headache, shortness of breath, and mental disorder	Etiological treatment, folic acid, vitamin B12, and iron supplements	August 5, 2024	The fifth product of its kind regarded as passing the consistency evaluation in China
						Neuroinflammations	Noxious stimulus affecting neuro system	Topical pain, sensory disturbance, and activity limitation	Etiological treatment, and neurotrophic treatment; and physiotherapy		
	及舒宁®	Cetirizine Hydrochloride Oral Solution	No National VBP Scheme Yet	/	/	Allergic rhinitis, allergic conjunctivitis, urticaria, etc.	Immune system's overreaction to allergens	Seasonal/perennial allergic rhinitis, allergic conjunctivitis, etc.	Lifestyle management, and medication treatment	June 17, 2025	/

Notes:

(1) All of our commercialized generic drugs were developed and commercialized in mainland China, and registered as the third or fourth category of chemical drugs. They have been included in the NRDL. None of our products have been historically included in any national or provincial negative catalogues.

(2) During the Track Record Period, all drug products in our commercialized generic drugs pipeline (i.e., all of our approved drug products except Jishuning (及舒宁®) and Hailiping (海立平®)) had generated revenue for us. Jishuning (及舒宁®) and Hailiping (海立平®) had not been commercialized as of the Latest Practicable Date. Among all of our 15 approved generic drug products, Antuofei (安妥飞®), Anliding (安立定®), Haihuitong (海慧通®) and Hailiping (海立平®), were developed in house, and the other 11 generic drug products were developed under R&D collaboration.

(3) For drug products which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validly period refers to the latest one. The start date for Haibiping (海必平®) in certain provinces is yet to be determined by relevant authorities.

(4) In addition to hypertension, the indications of Haihuitong (海慧通®) also include coronary heart disease and hypercholesterolemia. Coronary heart disease is caused by aging, unhealthy lifestyle, hypertension, hyperlipidemia, and/or diabetes. The symptoms of coronary heart disease are mainly fatigue and angina pectoris, and its current treatment methods include lifestyle management, medication treatment or interventional therapy. Hypercholesterolemia is caused by unhealthy lifestyle and endocrine disorder. There is no specific manifestation of symptom of hypercholesterolemia at early stage but it may lead to vascular diseases at late stage. Its current treatment methods include lifestyle management, medication treatment and terminal ileum resection.

(5) In addition to depression, the indications of Anyoufan (安优凡®) also include anxiety disorder and panic disorder. Anxiety disorder is caused by disturbance in neurotransmitter level and psychological factors, and its symptoms include persistent or intermittent anxious emotion with or without somatic or behavior symptoms. Panic disorder is caused by genetic factors, psychological factors, and neuroanatomical factors, and its symptoms include intermittent panic attack, anticipatory anxiety and behavior disorder. The current treatment methods of panic disorder and anxiety disorder are medication treatment and psychotherapy.

Among the 15 generic drugs that we had obtained approval from the NMPA as of the Latest Practicable Date, four were selected in the national VBP schemes and continued to make significant contributions to our revenue. We also have four drug products selected in the provincial VBP schemes. The four drug products selected in the national VBP schemes include:

- **Anbili (安必力®)**: The first-to-market generic of mosapride citrate tablets regarded as passing the consistency evaluation in China and selected in the Fourth National VBP Scheme. Anbili contributed RMB146.0 million to our revenue in 2024 with a market share of 25.7%, ranking second in its product category in China, according to CIC.

- **Haihuitong (海慧通®)**: Generic amlodipine besilate and atorvastatin calcium tablets selected in the Eighth National VBP Scheme. Haihuitong contributed RMB187.3 million to our revenue in 2024 with a market share of 59.3%, ranking first in its product category in China, according to CIC.

- **Ruiantuo (瑞安妥®)**: Generic cinacalcet hydrochloride tablets selected in the Fifth National VBP Scheme. Ruiantuo contributed RMB47.9 million to our revenue in 2024 with a market share of 16.7%, ranking second in its product category in China, according to CIC.

- **Saixifu (赛西福®)**: The second-to-market generic of hydroxychloroquine sulfate tablets regarded as passing the consistency evaluation in China and selected in the Tenth National VBP Scheme. Saixifu contributed RMB43.7 million and RMB19.2 million to our revenue in 2024 and the five months ended May 31, 2025 respectively.

Besides the abovementioned generic drugs that have been approved by the NMPA and commercialized, we have a pipeline of five generic drug candidates at the ANDA stage that are expected to be approved for marketing by 2025 or 2026 on epilepsy, hypertension, electrolyte supplementation, brain dysfunction and peripheral blood circulation disorders, and mild and severe pain. For more information, see "— Our Product Portfolio — Our Generic Drugs — Generic Drug Candidates" in this prospectus.

Innovative Drug Candidates

We had established a pipeline of four innovative drug candidates covering oncology, ophthalmology and respiratory diseases. All of our innovative drug candidates are proprietarily discovered and developed in house. We may explore potential license-out opportunities or other collaboration arrangements for our innovative drug candidates in overseas market in the future, but we currently do not have any concrete plans. The following table sets forth selected information of our major innovative drug candidates in our pipeline as of the Latest Practicable Date.

Pipeline of Innovative Drug Candidates

Project Name	Therapeutic area	Target/ MOA	Dosage Form	Expected registration category	Mono/ Combo	Intended Indications	Pre-Clinical	IND	Phase I	Phase II	Phase III	Expected Upcoming Milestone
C019199	Oncology	CSF-1R/ DDR1/ VEGFR2 Immuno-oncology therapy	Oral	Class I chemical drugs	Mono	Osteosarcoma	China					Initiate Phase III trial in 2H 2025
							U.S.					Submit Phase I/II IND application in 2H 2025
						HER2- breast cancer	China					Complete Phase Ib/II trial in 2H 2025
						Tenosynovial giant cell tumor (TGCT)	China					Complete Phase Ib/II trial in 2H 2025
						Melanoma	China					Complete Phase Ib/II trial in 1H 2026
					Combo (anti-PD-1 mAbs)	Triple-negative breast cancer (TNBC)	China					Initiate Phase III trial in 1H 2026
							U.S.					Submit Phase I/II IND application in 2H 2025
						Colorectal cancer (CRC)	China					Complete Phase II trial in 1H 2026
						Pancreatic cancer	China					Complete Phase II trial in 2H 2025
						Gastric cancer	China					Complete Phase II trial in 2H 2026
						Esophageal squamous cell carcinoma	China					Complete Phase II trial in 2H 2026
						Head and neck squamous cell carcinoma	China					Complete Phase II trial in 2H 2026
HXP056	Ophthalmology	VEGFR2	Oral	Class I chemical drugs	Mono	Wet age-related macular degeneration (wAMD)	China					Complete Phase I trial by the end of 2025
						Diabetic macular edema (DME)	China					Initiate Phase II trial in 2H 2025
						Retinal vein occlusion (RVO)	China					Initiate Phase II trial in 2H 2025

Note: All of our innovative drug candidates were developed in-house and we have global commercial rights.

C019199 is a multi-mechanism immuno-modulator targeting CSF-1R/DDR1/VEGFR2 with first-in-class potential. We are developing C019199 both as monotherapy and in combination therapies with drugs such as anti-PD-1 monoclonal antibodies (anti-PD-1 mAbs) on a variety of oncology diseases. C019199's indications include, among others, osteosarcoma, breast cancer, colorectal cancer, pancreatic cancer and TGCT. C019199 aims to become the potential first-in-class therapy specifically indicated for osteosarcoma globally, which fills the treatment gap for second-line and later-stage advanced osteosarcoma. In July 2020, we obtained the IND approval from the NMPA for C019199. As of the Latest Practicable Date, we had (i) completed Phase Ia clinical trials and initiated Phase Ib/II clinical trials for osteosarcoma and TGCT; and (ii) completed Phase I clinical trial and initiated Phase II clinical trial in different types of solid tumors for combination therapy with anti-PD-1 mAbs. C019199 modulates the immunosuppressive tumor microenvironment (TME) and exerts synergistic anti-tumor effects through the selective inhibition of three targets: CSF-1R, DDR1, and VEGFR2. It inhibits tumor angiogenesis and suppresses multiple pathways involved in tumor cell division, growth, migration, and invasion. In 2025, we expect to initiate Phase III clinical trials for osteosarcoma and breast cancer in China, and Phases I/II clinical trials for osteosarcoma and breast cancer in monotherapy or combination therapy with anti-PD-1 mAbs in the U.S. after we obtain FDA IND approval. We

believe C019199 has potential to become a drug tapping into potential markets. We have applied and obtained a series of patents for C019199 including composition of matter patent. For more information, see "Business — Intellectual Property" in this prospectus.

Our diversified product portfolio of commercialized drugs has enabled us to achieve rapid growth during the Track Record Period. In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue amounted to RMB212.5 million, RMB316.6 million, RMB466.7 million and RMB249.2 million, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our net profit amounted to RMB69.0 million, RMB117.5 million, RMB136.1 million and RMB90.2 million, respectively.

R&D

With over a decade of experience, we have established an R&D team that covers the entire cycle of pharmaceutical R&D, including medicinal chemistry, formulation, preclinical research, quality control, quality assurance, clinical operation and regulatory affairs. We have built two product development platforms which form the bedrock of our R&D capabilities. These product development platforms include (i) the Multi-target Innovative Drug Development Platform, through which we facilitate the screening, discovery and optimization of compound candidates in preclinical research and advance development candidates in clinical studies; and (ii) the Generic Drug Development Platform, through which we continue to develop drug candidates with significant market potential. For more details, see "Business — Research and Development — R&D Platforms" in this prospectus. They enable us to continuously and quickly identify therapeutic targets with huge market potential and develop products towards commercialization.

As of the Latest Practicable Date, our R&D team consisted of 112 researchers, around 27% of whom have obtained a Ph.D. or a master's degree, covering a broad range of scientific disciplines. As of the Latest Practicable Date, key members of our R&D team had an average of approximately 19 years of experience in the pharmaceutical industry.

Empowered by our R&D team, we have established a patent portfolio to protect our diversified products and drug candidates. As of the Latest Practicable Date, we had been granted 37 patents globally, including 18 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries.

Manufacturing Capacities

During the Track Record Period and up to the Latest Practicable Date, we, as an MAH, primarily focused on the R&D and commercialization of the generic and innovative drug candidates in our pipeline, and outsourced their manufacturing to qualified CMOs. To ensure quality, we have established a quality management team that consisted of (i) a quality assurance department of over 25 employees to monitor the entire manufacturing process, and (ii) a quality control department of over 20 employees for product quality research and testing.

To enhance our production capabilities for generic and innovative drugs, we are constructing our own manufacturing facility in Fuzhou with a total GFA of around 90,000 sq.m. We obtained the Drug Manufacturing License issued by the Fujian Medical Products Administration (福建省藥品監督管理局) in December 2024. We completed the installation of production lines for oral solid dosage production with designed annual production capacity of 2.0 billion tablets and capsules, and have completed the construction for the manufacturing facility in the first half of 2025. As of the Latest Practicable Date, the Changle Facility, which has completed the construction and obtained the Final Acceptance Report, had met the requirements concerning its completion timeline and other material development conditions as stipulated in the relevant land use rights grant contract, and was in the process validation stage. In addition to obtaining the Drug Manufacturing License, all drug products in our current generic drug portfolio have obtained their respective drug registration certificates. Additionally, we are required to pass the GMP compliance inspection and obtain the GMP Compliance Inspection Notice issued by the Fujian Medical Products Administration for the Changle Facility before it is actually put onto operation. As of the Latest Practicable Date, we have obtained such GMP Compliance Inspection Notice, which is necessary at the current stage. We plan to shift the majority of our production activities to the Changle Facility in next two years in a phased manner, and maintain business relationships with selected CMOs to provide supplementary production capacity in the foreseeable future.

Sales and Marketing

The successful commercialization of our various products across China is empowered by our professional and efficient sales team, nationwide sales and distribution network and multi-dimensional sales model. As of the Latest Practicable Date, we had a sales team of 37 employees with an average of approximately ten years of experience in the pharmaceutical industry. We treat hospitals and other medical institutions as our focal points and gradually expand into other sales channels, such as retail pharmacies, online pharmacies and internet medical platforms. Through selection of our products in the national and provincial VBP schemes, we were able to significantly expand our sales and distribution network. As of the Latest Practicable Date, our sales and distribution network was connected to over 18,000 hospitals and other medical institutions, including more than 5,100 Grade III or II hospitals, in addition to over 22,000 pharmacies, covering all of the provinces, municipalities and autonomous regions in China. The triad of our sales team, sales and distribution network and sales model enabled us to respond quickly to evolving market needs, explore new sales channels and facilitate the smooth circulation of our products from production to end customers, deeply penetrating to different tiers of markets. For more information, see "Business — Sales, Marketing and Distribution" in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our historical success, and we expect that they will continuously enable us to improve our market position in the rapidly growing pharmaceutical industry both in and outside China.

We are a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities with generic products and innovative drug candidates in therapeutic areas with immense market potential.

We are a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities, with a pipeline of innovative drug candidates. We have a diversified product portfolio and pipeline in the largest and fastest growing therapeutic areas in China. As of the Latest Practicable Date, our generic product portfolio primarily consisted of drugs for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases. Our innovative drug pipeline focuses on drug candidates in variety of indications, including one potential first-in-class oncology drug candidate, one potential first oral drug therapy for wAMD/DME/RVO, and two other innovative drug candidates in oncology and respiratory diseases.

We were founded by Dr. Kang Xinshan and Ms. Feng Yan in 2012 with the support from state-owned shareholders. Leveraging Dr. Kang and Ms. Feng's successful international experience in pharmaceutical R&D and commercialization, we had been granted 37 patents globally, obtained approval from the NMPA for 15 generic drugs and established a pipeline of four innovative drugs as of the Latest Practicable Date, making us a key market participant in the pharmaceutical industry in China.

Digestive system diseases: as of the Latest Practicable Date, our commercialized product portfolio consisted of two drugs for digestive system diseases: (i) Anbili (安必力®), the first-to-market generic of mosapride citrate tablets that was regarded as passing the consistency evaluation in China and a generic of mosapride citrate tablets selected in the Fourth National VBP Scheme; and (ii) Anliding (安立定®), a generic of rebamipide tablets selected in the provincial VBP scheme. According to CIC, in terms of sales revenue in 2024, the market size of drugs for digestive system diseases reached RMB105.8 billion in China.

Cardiovascular system diseases: as of the Latest Practicable Date, our commercialized product portfolio consisted of five drugs for cardiovascular system diseases: (i) Haihuitong (海慧通®), selected in the Eighth National VBP Scheme; (ii) Haibiping (海必平®), a generic of valsartan and amlodipine tablets (I); (iii) Haikexi (海可喜®), a generic of valsartan tablets selected in provincial VBP scheme; (iv) Haihuining (海惠宁®), a generic of bisoprolol fumarate and amlodipine besilate tablets; and (v) Shuanya (舒安亚®). According to CIC, in terms of sales revenue in 2024, the market size of drugs for cardiovascular system diseases reached RMB130.2 billion in China.

Endocrine system diseases: as of the Latest Practicable Date, we had one commercialized product for endocrine system diseases, namely Ruiantuo (瑞安妥®). Ruiantuo (瑞安妥®) is a generic of cinacalcet hydrochloride tablets selected in the Fifth National VBP Scheme. According to CIC, in terms of sales revenue in 2024, the market size of drugs for endocrine system diseases reached RMB99.7 billion in China.

Nervous system diseases: as of the Latest Practicable Date, we had one commercialized product for nervous system diseases, namely Anyoufan (安优凡®). Anyoufan (安优凡®) was selected in the provincial VBP scheme. According to CIC, in terms of sales revenue in 2024, the market size of drugs for nervous systems diseases reached RMB108.1 billion in China.

Inflammatory diseases: as of the Latest Practicable Date, our product portfolio consisted of four drugs for inflammatory diseases, mainly rheumatic diseases: (i) Saixifu (赛西福®), the second-to-market generic of hydroxychloroquine sulfate tablets regarded as passing the consistency evaluation in China which was selected in the Tenth National VBP Scheme, (ii) Antuofei (安妥飞®), a generic of celecoxib capsules; (iii) Anfeiping (安飞平®), a generic of diclofenac sodium enteric-coated tablets; and (iv) Yinganke (盈安可®), a generic of cobamamide capsules. According to CIC, in terms of sales revenue in 2024, the market size of drugs for anti-rheumatic diseases reached RMB20.4 billion in China.

Oncology: C019199 is our innovative oncology drug candidate targeting a wide spectrum of solid tumors with first-in-class potential. Indications that C019199 targets include, among others, osteosarcoma, breast cancer, colorectal cancer, pancreatic cancer and TGCT. As of the Latest Practicable Date, we had (i) initiated Phase Ib/II clinical trials of C019199 for osteosarcoma and TGCT; (ii) initiated Phase II clinical trial for combination therapy of C019199 with anti-PD-1 mAbs for triple-negative breast cancer (TNBC), colorectal cancer and pancreatic cancer. In 2025, we expect to complete the Phase II clinical trial for HER2- breast cancer in monotherapy. In the first half of 2026, we expect to initiate Phase III clinical trials for osteosarcoma and TNBC in combination therapy with anti-PD-1 mAbs in China. In the U.S., we also expect to initiate Phases I/II clinical trials for osteosarcoma and breast cancer in monotherapy or combination therapy after we obtain FDA IND approval. We believe C019199 has potential to become a drug tapping into potential markets. We have applied and obtained a series of patents for it including composition of matter patent. Our second innovative oncology drug candidate, HXP056, has initiated the Phase I clinical trial in June 2025, and has the potential to become the first drug therapy for wAMD/DME/RVO. According to CIC, in terms of sales revenue in 2024, the market size of oncology drugs reached RMB267.6 billion in China and US$262.1 billion globally.

Robust, scalable and sustainable product portfolio and pipeline driven by our dual-track development of generic and innovative drugs as well as R&D and commercialization capabilities

Our business has adopted a dual track model, comprising both generic drugs and innovative drug candidates. For our generic drugs, we have established market position by launching a series of products that obtained regulatory approvals in a timely manner and complied with all quality requirements, with technical barriers and substantial market potential. For our four innovative drug candidates, the indication spectrum has spanned from oncology to ophthalmology and beyond. The pipelines are developed with our extensive experience in different clinical stages and funded by the rich cash flow generated from our generic drug business.

Our product portfolio and pipeline of generic drugs

Sales of generic drugs is an important source of our cash flow, and VBP schemes are the key driving force behind our expansion of market share in generic drugs. As such, in the development of generic drugs, we strategically (i) consider their clinical value, market demand and potential competitiveness; and (ii) refer to the national and provincial VBP policies for guidance. With our comprehensive development platforms and technical know-how as well as our understanding of VBP policies, we are able to efficiently conduct R&D, obtain regulatory approvals and commercialize our generic drugs. Our product pipeline of generic drugs has continuously contributed to our cash flow.

Commercialized generic drugs

As of the Latest Practicable Date, we had 15 generic drugs that obtained regulatory approvals in a timely manner and complied with all quality requirements, with technical barriers approved for marketing, which have been generating rich cash flow to fuel our rapid growth. The flagship generic drugs in our product portfolio include Anbili (安必力®), Haihuitong (海慧通®), Ruiantuo (瑞安妥®) and Saixifu (赛西福®). Anbili (安必力®), Haihuitong (海慧通®) and Ruiantuo (瑞安妥®) ranked second, first and second, respectively, in terms of their sales in each of their respective product category in China, accounting for 25.7%, 59.3% and 16.7% of the market share in 2024.

Anbili (安必力®). Anbili (安必力®) is an effective alternative to domperidone. It is a selective 5-HT4 receptor agonist characterized by low adverse drug reactions, no cardiac toxicity, ability to enhance gastrointestinal motility and efficacy across multiple indications. Launched in June 2020, Anbili (安必力®) is primarily used to treat functional dyspepsia. Anbili (安必力®) was selected in the Fourth National VBP Scheme in 2021 and has been included in the NRDL.

Haihuitong (海慧通®). Haihuitong (海慧通®) consists of a compound of two cardiovascular medications: amlodipine besilate, a long-acting calcium channel blocker, and atorvastatin calcium, a lipid-lowering agent. Launched in January 2022, Haihuitong (海慧通®) is primarily used to treat hypertension, coronary heart disease and hypercholesterolemia. Haihuitong (海慧通®) was selected in the Eighth National VBP Scheme in 2023, and has been included in the NRDL.

Ruiantuo (瑞安妥®). Ruiantuo (瑞安妥®) is a calcium-sensing receptor agonist that reduces the levels of parathyroid hormone, calcium, phosphate and the calcium-phosphate product by enhancing the calcium-sensing receptor's sensitivity to the calcium levels in the bloodstream. Launched in March 2021, Ruiantuo (瑞安妥®) is primarily used to treat secondary hyperparathyroidism. Ruiantuo (瑞安妥®) was selected in the Fifth National VBP Scheme in 2021 and has been included in the NRDL.

Saixifu (赛西福®). Saixifu (赛西福®) can interfere with metabolic enzyme activity and inhibit DNA replication. It is primarily used to treat rheumatoid arthritis, juvenile chronic arthritis, systemic and discoid lupus erythematosus. Launched in October 2023, Saixifu (赛西福®) is primarily used to treat lupus erythematosus. Saixifu (赛西福®) was selected in the Tenth National VBP Scheme in 2024 and has been included in the NRDL.

The other commercialized generic drugs in our product portfolio also have fast-to-market advantage. For instance, our generics of diclofenac sodium enteric-coated tablets, nicergoline tablets, rebamipide tablets and agomelatine tablets were the first, second, third and third to be approved and regarded as passing the consistency evaluation in China. All these generic drugs have been included in the NRDL, and we have been actively preparing and supporting the selection of these generic drugs in the national VBP schemes.

Generic drug candidates

As of the Latest Practicable Date, our pipeline of generic drug candidates in the BE studies or ANDA stage included generics of iguratimod tablets, pinaverium bromide tablets, lercanidipine hydrochloride tablets, paracetamol ibuprofen tablets, pentoxifylline sustained-release tablets, polaprezinc granules, sodium valproate sustained-release tablets (I), sodium potassium magnesium and calcium concentrated solution for injection. All these products are expected to be approved by the NMPA for marketing in 2025 or 2026. We have been actively advancing our generic drugs under development in the consistency evaluation process, aiming to obtain marketing approvals for three to five generic drugs in our pipeline each year in the next five years.

Our pipeline of innovative drug candidates

Our R&D of innovative drugs has a strategic focus on multi-target small molecule drugs. Multi-target small molecule drugs are drugs that can simultaneously act on selective targets within a disease network, producing synergistic effects to the indications. The advantages of multi-target small molecule drugs primarily include:

- *Improved efficacy.* Single-target drugs, such as monoclonal antibodies (mAbs) or highly selective small molecules, which act on single cellular signaling pathway, can only regulate one aspect of a pathological process. However, the most majority of diseases, such as malignant solid tumors and cardiovascular diseases are typically the results of multiple factors acting together, and often involve complex mechanisms, multiple pathological processes and multi-gene correlations. The pathogenesis and progression of such diseases are highly intricate, and single-target drugs' efficacy may be easily offset by negative feedback or compensatory effects thus leading to suboptimal therapeutic outcomes. In contrast, multi-target/multi-mechanism drugs can simultaneously act on multiple pathological processes and related mechanisms of the same disease, which may exert synergistic effect in addition to a greater aggregate effect, thereby enhancing the drugs' efficacy.

- *Reduced Drug Resistance.* By acting on multiple targets simultaneously, multi-target drugs can reduce the likelihood of pathogens or tumors developing resistance to a single target.

- *Simplified Treatment Regimens.* By acting on multiple targets simultaneously, multi-target drugs can reduce the number and dosage of medications a patient needs to take, and small molecule drugs present the opportunity to develop oral administered drugs that can further simplify medication routines, improving patient compliance and quality of life.

Our innovative drug candidates can be applied as monotherapy or in combination therapies, providing therapeutic benefits in patients across multiple indications. As of the Latest Practicable Date, we had established a pipeline of four innovative drug candidates, among which two were in clinical stage covering multiple indications.

C019199

C019199 is our potential first-in-class innovative drug candidate. It is a multi-mechanism immuno-modulator targeting CSF-1R/DDR1/VEGFR2. We are developing C019199 both as monotherapy and in combination therapies with drugs such as anti-PD-1 mAbs on a variety of oncology diseases. C019199's indications include, among others, osteosarcoma, breast cancer, colorectal cancer, pancreatic cancer and TGCT. In July 2020, we obtained the IND approval from the NMPA for C019199. As of the Latest Practicable Date, we had (i) completed Phase Ia clinical trials and initiated Phase Ib/II clinical trials for osteosarcoma and TGCT; and (ii) completed Phase I clinical trial and initiated Phase II clinical trials in different types of solid tumors for combination therapy with anti-PD-1 mAbs. In 2025, we expect to complete the Phase II clinical trial for HER2- breast cancer in monotherapy. In the first half of 2026, we expect to initiate Phase III clinical trials for C019199 for osteosarcoma and TNBC in combination therapy with anti-PD-1 mAbs in China. In the U.S., we also expect to initiate Phases I/II clinical trials for osteosarcoma and breast cancer in monotherapy or combination therapy after we obtain FDA IND approval.

Monotherapies

Based on the clinical trial results from our Phase Ia trial of C019199 on solid tumors where it demonstrated favorable tolerability and safety, we initiated a Phase Ib trial on treating osteosarcoma, breast cancer and TGCT.

- Osteosarcoma – According to CIC, in terms of revenue, the market size of osteosarcoma treatment reached RMB185.4 million in China and US$158.4 million globally in 2024. The 5-year survival rate of osteosarcoma varies according to the metastatic progression. The 5-year survival rate for non-metastases patients is around 60%, while the 5-year survival rate for patients with pulmonary or bone metastases is less than 20%. We initiated the Phase Ib/II clinical trial for osteosarcoma in 2023 with 42 patients enrolled. We expect to initiate the Phase III clinical trial in the second half of 2025. Currently, the standard treatment methods for osteosarcoma include traditional approaches such as surgical resection, chemotherapy, and radiotherapy. However, for patients with recurrent, metastatic and refractory osteosarcoma, there exists no treatment protocol beyond chemotherapy. Due

to the lack of second-line treatment options with overall survival benefits, osteosarcoma patients who have failed in previous first-line chemotherapy treatment may have the opportunity to achieve better therapeutic outcomes or access to the latest treatments by participating in clinical trials which is listed as Level I recommendation by Chinese Society of Clinical Oncology (CSCO) guidelines. In the Phase Ib/II clinical trials for osteosarcoma, C019199 has shown promising results in the dose group of 30 patients, achieving a median progression free survival (PFS) of over six months, which is significantly longer than the PFS of typical chemotherapy, being two to three months, demonstrating the superiority of its underlying synergistic immunomodulation therapy. The disease control rate (DCR) is 73.3%. Additionally, as C019199 works by regulating the human body's immune system to attack and control tumor progression, the dosage used (200 mg QD) can be much lower than the maximum tolerated dose (MTD) which should be even higher than 600 mg QD that was the highest dose tested in Phase I trial. Therefore the current treatment of C019199 provided a much safer treatment option. Less than 25% (i.e., 23.3%) of patients were recorded at least one greater than Grade 3 adverse event (AE) compared to usually more than 50% of AE rate in other therapies. As such, C019199 aims to become the potential first-in-class therapy for osteosarcoma that fills the treatment gap for second-line and later-stage advanced osteosarcoma, providing tangible survival benefits for this patient population, and a significant improvement in safety, patient compliance and overall quality of life as well, according to CIC.

- Breast cancer — According to CIC, breast cancer is the most commonly diagnosed malignant tumor among women, the second most commonly diagnosed cancer and the first cause of death from malignant tumors in the world. According to CIC, breast cancer drug market in China and globally reached RMB52.3 billion and US$57.2 billion in 2024. HER2- is the most common subtype of breast cancer, and according to CIC, it accounted for around 80% of the breast cancer patients. The drug resistance of endocrine therapy is the main challenge for the treatment of HR+/HER2- breast cancer. The recurrence rate of HR+/HER2- early breast cancer is over 40% after endocrine therapy combined with CDK4/6 inhibitors, and almost all HR+/HER2- advanced breast cancer patients receiving endocrine therapy combined with CDK4/6 inhibitors would experience disease progression. Based on the unmet medical needs and our prior trial results, we have initiated the Phase Ib/II trial on HER2- breast cancer.

- TGCT — According to CIC, in terms of revenue, the market size of TGCT treatment reached RMB156.9 million in China and US$784.8 million globally in 2024. We initiated the Phase Ib clinical trial for TGCT in 2023 with 28 patients enrolled. Currently surgical resection remains the most effective treatment for TGCT, but there is a risk of multiple recurrences after surgery, especially for diffuse TGCT. Furthermore, it is often difficult to completely remove the tumor for recurrent, refractory or diffuse TGCT, and surgical treatment may not always alleviate symptoms. In the cases of severe TGCT, multiple surgeries may be required, which can result in significant joint

damage, functional impairment and reduced quality of life, with some patients even facing the possibility of amputation. As of the Latest Practicable Date, subjects in the Phase Ib/II clinical trial have shown good overall responses and well tolerable safety profiles.

Combination treatment with anti-PD-1 mAbs

Combination treatments are often employed to enhance clinical benefits, reduce the risk of drug resistance and improve durability of efficacy. Clinical data has shown that our combination treatment of C019199 with anti-PD-1 mAbs demonstrates additional clinical benefits for patients with tumors in complicated microenvironment, which typically show poor response to anti-PD-1 monotherapies according to CIC. We completed the Phase I clinical trial of combination treatment with anti-PD-1 mAbs in 2023 with 10 patients enrolled, and initiated the Phase II clinical trial in 2024.

- TNBC — According to CIC, in terms of revenue, the market size of breast cancer treatment reached RMB52.3 billion in China and US$57.2 billion globally in 2024. Currently chemotherapy remains the major first-line treatment for TNBC. However, patients with TNBC often develop resistance to chemotherapy within a few months and face a high risk of recurrence within the first two years after treatment. TNBC is considered to be the worst prognosis subtype, with a 5-year survival rate of less than 15%, much lower than other types of breast cancer. Due to the limited treatment options, the 5-year survival rate of advanced TNBC patients receiving chemotherapy is less than 15%. Unlike chemotherapy, C019199, through its multi-mechanism synergistic effects, modulates TNBC tumor's immunosuppressive microenvironment, transforming TNBC from an immune "cold" tumor into an immune "hot" tumor, making it recognizable by the human body's immune system. In the Phase II clinical trial for TNBC, C019199 combined with anti-PD-1 mAbs, demonstrated remarkable efficacy in more than ten heavily pretreated TNBC patients. As of the Latest Practicable Date, 51 patients had been enrolled in clinical trial. More than half of these patients had failed to respond to ADC or anti-PD-1/L1 mAbs previously. The evaluation is currently progressing as planned, and the preliminary results is expected to be available in the fourth quarter of 2025. We expect to enroll additional patients to complete our Phase II trial of TNBC and initiate the Phase III clinical trial in the first half of 2026 in China.

- Colorectal cancer — According to CIC, in terms of revenue, the market size of colorectal cancer treatment reached RMB31.8 billion in China and US$14.3 billion globally in 2024. However, the current treatment method has limitations including low chemotherapy response rate, targeted therapy resistance, and high metastasis rate requiring innovative measures, we hence initiated the Phase II clinical trial in 2024. The Phase II clinical trial has shown clinical benefits with tolerable safety to colorectal patients where a significant portion of them experienced tumor growth control or even tumor shrinkage.

- Pancreatic cancer — According to CIC, in terms of revenue, the market size of pancreatic cancer treatment reached RMB2.3 billion in China and US$3.1 billion globally in 2024. Currently, there is a lack of effective treatment for most pancreatic cancers. Even for localized, resectable pancreatic cancer, some patients cannot benefit from direct surgery due to its extremely aggressive biological behavior. Commonly recommended first-line chemotherapy drugs, such as gemcitabine and nab-paclitaxel, have limited efficacy, resistance to these treatments is widespread, and median survival rate is low, according to CIC. Clinically single-mechanism immunotherapy is insufficient to address the complexity of pancreatic cancer. C019199 specifically targets and modulates the tumor immune microenvironment through a multi-target synergistic mechanism, working in combination with the immune checkpoint inhibitor to achieve a synergistic and enhanced effect. In the ongoing Phase II clinical trial, C019199 combined with anti-PD-1 mAbs has shown preliminary efficacy. Among more than ten enrolled pancreatic cancer patients who had undergone multiple lines of prior treatment, a significant portion experienced tumor growth control or even tumor shrinkage.

HXP056

HXP056 is an innovative drug candidate and is the potential first oral drug therapy designed for the treatment of ocular fundus diseases such as wet age-related macular degeneration (wAMD), diabetic macular edema (DME) and retinal vein occlusion (RVO). HXP056 is a novel molecule invented internally and designed as an oral formulation, addressing a significant shortcoming in current therapies that require doctors' visits for vitreous injections which could cause unintended side effects and discomfort for patients, leading to frequent patient non-compliance and resulting in inferior treatment outcome. We believe that the oral formulation will alleviate the unintended side effects and discomfort associated with injections and enhance patient compliance, leading to better treatment options for patients with wAMD/DME/RVO. According to CIC, there is currently no approved wAMD drug therapy worldwide that utilizes an oral formulation, and HXP056 has the potential to become the first oral drug therapy in this area, improving from the cumbersome administration of current vitreous injections. In addition, we believe that the innovative multi-targeted mechanism of HXP056 may enable it to further improve the treatment efficacy for patients. We submitted IND application of HXP056 to the NMPA in January 2025, and received its IND approval from the NMPA in April 2025. We initiated the Phase I clinical trial in June 2025 and are actively recruiting patients at the current stage. We expect that the Phase I clinical trial will be completed by the end of 2025.

Other innovative drug candidates

As of the Latest Practicable Date, our pipeline of innovative drug candidates under preclinical studies included:

- HXP089, an innovative drug candidate that is designed for the treatment of glioma, a type of malignant brain tumor, for which we expect to submit IND application to the NMPA in the second quarter of 2026; and

- HXP090, an innovative drug candidate designed for the treatment of idiopathic pulmonary fibrosis (IPF), a chronic and progressive respiratory disease, for which we expect to submit IND application to the NMPA in 2027.

Strong commercialization capabilities backed by our professional and efficient sales team, nationwide sales and distribution network, multi-dimensional sales model and experience in national VBP schemes

Our strong commercialization capabilities are attributable to our professional and efficient sales team, nationwide sales and distribution network, multi-dimensional sales model and experience in national VBP schemes.

Sales team

We have established a sales team of 37 employees with an average of approximately ten years of experience in the pharmaceutical industry. Members in our sales team all hold related degrees or have wide marketing experience in pharmaceutical industry and have gained required expertise through regular training. In 2022, 2023 and 2024, the average per capita sales revenue contributed by our sales team amounted to RMB10.8 million, RMB10.0 million and RMB13.6 million, respectively. Our sales team is structured in hierarchies with clearly defined job responsibilities: (i) our headquarters especially our general manager for sales is primarily responsible for formulating the overall marketing strategies for the drugs in our product pipeline; (ii) members in the business development division are primarily responsible for biddings in VBP schemes, communications with distributors and consolidation of information related to sales and marketing; and (iii) members in the marketing division are primarily responsible for identification and selection of distributors and marketing service providers, oversight of marketing activities and achieving market expansion.

Sales and distribution network

Leveraging our nationwide sales and distribution network that covers various hospitals and pharmacies, we have achieved high market penetration. Through selection of our products in the national and provincial VBP schemes, we were able to significantly expand our sales and distribution network. As of the Latest Practicable Date, our sales and distribution network was connected to over 18,000 hospitals and other medical institutions, including over 5,100 Grade III or II hospitals, in addition to over 22,000 pharmacies, covering all of the provinces, municipalities and autonomous regions in China.

Our sales and distribution network has two components, namely distributors and regional managers. We collaborate with over 500 third-party distributors, managed by our regional managers, to ensure efficient drug distribution and effective sales strategy implementation. Our regional managers oversee distributors, providing market insights and adaptability to changes, forming a robust sales network that ensures smooth product circulation to end customers.

Sales model

Under our multi-dimensional sales model, we treat hospitals as our focal points and gradually expand into other sales channels, such as retail pharmacies, online pharmacies and internet medical platforms. During the Track Record Period, our revenue mainly derived from hospitals and other medical institutions through national and provincial VBP schemes, representing more than 90% of our total revenue in such periods. This approach allows us to leverage our reputation and brand image from our collaboration with hospitals and to explore the potential of new sales channels. As of the Latest Practicable Date, we had partnered with over 200 pharmacy chains and around 500 single pharmacy stores to make our products available to a wide patient base.

We have been actively participating in the bidding in national and provincial VBP schemes. Adopting an efficient feedback and decision-making mechanism, our management team directly led the biddings in national VBP schemes. As such, our flagship products were selected in the Fourth, Fifth, Eighth and Tenth National VBP Schemes. We will continue to implement this approach and leverage our successful procurement experience as well as our understanding of the national policies to enhance our bidding chances to renew existing procurement contracts and to secure new procurement contracts, which will allow us to increase our market share and achieve stable sales growth.

Through our multi-dimensional sales model, we have broadened our sales channels and enhanced our long-term competitiveness in the fiercely competitive pharmaceutical market.

Leveraging our R&D team and product development platforms, we have created innovative drug candidates as well as generic drugs that obtained regulatory approvals in a timely manner and complied with all quality requirements with technical barriers

Headed by Dr. Kang Xinshan, our general manager, Ms. Feng Yan, our deputy general manager, and Dr. Chen Guangming, our deputy general manager and chief scientific officer, our R&D team covers the end-to-end full cycle of pharmaceutical R&D, including medicinal chemistry, formulation, preclinical research, quality control, quality assurance, clinical operation and regulatory affairs. The integration of these capabilities creates strong synergy that supports our continuous growth. As of the Latest Practicable Date, our R&D team consisted of 112 researchers that possess both international perspectives and local pharmaceutical experience.

Independent and collaborative R&D efforts

We have demonstrated strong in-house R&D capabilities and financial stability by using our internal funds to support the advancement of our drug candidates under development, which helps maximize our R&D efficiency while allowing us to maintain complete control over the commercialization of our drug candidates.

Leveraging our strong R&D capacities, we, from time to time, also participated in collaborative R&D and provided our clients with technical support during the Track Record Period. As of the Latest Practicable Date, we had assisted our clients in obtaining three marketing approvals and in submitting one ANDA application. For details of our offering of R&D services, see "— Research and Development — Our Offering of R&D Services".

Product Development Platforms

Through over a decade of R&D efforts, we have built two product development platforms that enable us to continuously develop and advance the drug candidates across multiple therapeutic areas in our pipeline.

Multi-target innovative drug development platform

We have developed a unique preclinical R&D roadmap and built a multi-target innovative drug development platform to facilitate the screening, discovery and optimization of compound candidates, which enable us to extend our pipeline to cover a variety of therapeutic areas, improve the success rate of drug development and enhance our drugs' clinical applicability.

Our drug discovery project selections are focused on the therapeutic areas with unmet medical needs. First, we identify those indications based on our understandings on the underlying disease mechanisms, in which kinases may play critical roles. We then select the target kinases and identify their relative activity profiles needed for the potential treatments. With robust biochemical and cellular assays, our in-house biology team could screen commercial and in house compound library to identify and select lead compound series for optimization.

Leads compounds could then be optimized by medicinal chemistry team utilizing our rich experiences in kinase SAR studies. Widely available kinase protein structural information could also guide us for computer aided design. At the same time, active compounds could also be optimized to have suitable pharmaceutical properties and ensure advanced compounds possessing adequate exposures in animals. Due to the facts that most disorders happen in certain tissues or organs, we dedicate great efforts in optimizing compounds to demonstrate sufficient exposures in tissues or organs of interest but not systemically or in unaffected parts. In doing so, we could anticipate a better safety and efficacy profile in future applications. Compounds passed off-target screens and various in vitro/in vivo toxicology studies could be selected for IND enabling studies. Those meeting our preclinical candidate (PCC) criteria could then be nominated as PCCs and advance into clinical trials.

With our multi-target innovative drug development platform, we have developed four innovative drug candidates that can target selective multiple kinases and modulate their relative activities to treat a variety of disorders.

Generic drug development platform

We focus on developing generic drugs that could obtain regulatory approvals in a timely manner and comply with all quality requirements, with technical barriers and substantial market potential that have yet to be selected in national VBP schemes. The underlying platform that we use in our development of generic drugs is our generic drug development platform, which is primarily based on our reverse engineering of reference listed drug (RLD) and know-how of in vitro-in vivo correlation (IVIVC).

The costs and the time-to-market are vital for successful generic drug development. A reliable reverse engineering study of the RLD can improve the success rate in achieving in vitro dissolution curves and in vivo bioequivalence that are consistent with the RLD, shorten the product development cycle and reduce development costs. By utilizing our reverse engineering technology and our know-how of IVIVC, we have developed technologies with respect to (i) the development of high-variability drugs; (ii) the formulation development of fixed-dose combination drugs; (iii) the study of sustained- and controlled-release drugs; and (iv) the study of insoluble drugs. As of the Latest Practicable Date, these technologies had enabled 15 of our generic drugs to pass the consistency evaluation and obtain marketing approvals, laying a solid foundation for us to rapidly establish and consolidate our market position.

Intellectual Properties

Intellectual properties are our core assets and economic moat. To that end, we have established internal policies and protocols to protect each innovative drug candidate that we develop with a series of patents. During the development of innovative drugs, our intellectual property team is deeply involved. By maintaining close communication with our R&D team and based on the development progress and competitive landscape of our innovative drug candidates, our intellectual property team focuses on exploring and strategizing patent filings worldwide, such as composition of matter patents, salt and crystal form patents, compound process patents, formulation patents and indication patents, for our lead compounds. As of the Latest Practicable Date, we had obtained 37 patents, including 18 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries. As of the Latest Practicable Date, we had received five national awards and six provincial awards.

Optimized capital utilization and production capacity backed by our collaboration with GMP-compliant CMOs and in-house manufacturing facility

We are the first pharmaceutical company in Fujian Province and among the first five pharmaceutical companies in China to obtain the MAH manufacturing license. As an MAH, we primarily focus on the R&D and commercialization of the generic and innovative drug candidates in our pipeline, and outsource their manufacturing to qualified CMOs, which is in line with the government's initiative to encourage asset-light pharmaceutical innovation. Collaboration with CMOs is the optimal solution when we have limited capital, as it allows us to (i) maximize our capital utilization and production efficiency; (ii) significantly reduce our capital investment and commitment to manufacturing facilities while ensuring production quality; (iii) and seamlessly transition product manufacturing in-house once we build our own manufacturing facility, Changle Facility, which minimizes its idle period.

We adopt a market-oriented and integrated approach to production. When selecting CMOs to outsource our drug production, we typically prioritize those with GMP-compliant manufacturing facilities, complementary resources, high cooperativeness and shared goals to foster synergies and increase production efficiency. As of the Latest Practicable Date, we collaborated with more than five CMOs to produce our commercialized drugs. Our long-term collaboration with them has improved our compatibility and responsiveness, and enabled us to meet market demands in a flexible manner.

Since we, as an MAH, are responsible for the safety, efficacy, and quality of our drugs during their entire lifecycle, including the manufacturing process, we have established a quality management team that consists of (i) a quality assurance department of over 35 employees to monitor and to ensure that quality standards are met throughout the entire manufacturing process, and (ii) a quality control department of over 20 employees for product quality research and testing to ensure that our drugs meet specified product requirements. We have formulated quality standard and were eventually granted as the approval quality standard for each of our drugs, and conduct

regular inspections as well as spot checks on our drugs accordingly. Through long-term collaboration and continuous communication, our quality assurance and quality control teams work seamlessly with our CMOs to efficiently manage our outsourced production, ensuring the quality of our drugs that are distributed to the market.

To enhance our production capabilities for generic and innovative drugs, we are constructing our own manufacturing facility in Fuzhou with a total GFA of around 90,000 sq.m. We obtained the Drug Manufacturing License issued by the Fujian Medical Products Administration (福建省藥品監督管理局) in December 2024. We completed the installation of production lines for oral solid dosage production with designed annual production capacity of 2.0 billion tablets and capsules, and have completed the construction for the manufacturing facility in the first half of 2025. As of the Latest Practicable Date, the Changle Facility, which has completed the construction and obtained the Final Acceptance Report, had met the requirements concerning its completion timeline and other material development conditions as stipulated in the relevant land use rights grant contract, and was in the process validation stage. In addition to obtaining the Drug Manufacturing License, all drug products in our current generic drug portfolio have obtained their respective drug registration certificates. Additionally, we are required to pass the GMP compliance inspection and obtain the GMP Compliance Inspection Notice issued by the Fujian Medical Products Administration for the Changle Facility before it is actually put onto operation. As of the Latest Practicable Date, we have obtained such GMP Compliance Inspection Notice, which is necessary at the current stage. We plan to shift the majority of our production activities to the Changle Facility in next two years in a phased manner, and maintain business relationships with selected CMOs to provide supplementary production capacity in the foreseeable future.

Seasoned management team with international backgrounds and proven track records

We are led by a management team with extensive experience, in-depth industry knowledge and global vision. Members of our management team possess an average of more than 20 years of experience in the pharmaceutical industry, ranging from R&D to sales and marketing. Our management has guided us to become a pharmaceutical company with a pipeline of innovative drug candidates China.

Dr. Kang Xinshan, the chairman of our Board and the general manager of our Company, has over 26 years of experience in the pharmaceutical industry, and is primarily responsible for the overall strategic planning and key business as well as operational decision-making for our Company. Before he founded our Company with Ms. Feng in 2012, he led the R&D of innovative drugs at multiple renowned pharmaceutical companies in both the U.S. and China. Leveraging his successful career trajectory, Dr. Kang has brought leading management philosophies and R&D capabilities to our Company. Dr. Kang was enrolled in the eighth national Overseas High-Level Talent Program (國家海外高層次人才引進計劃) in 2012 and the ninth High-Level Entrepreneurial and Innovative Talent Program in Fujian Province (福建省引進高層次創業創新人才計劃) in 2013, and was enlisted as an Expert Consultant of the Fuzhou International Medical Experimental Zone (福州國際醫療綜合實驗區專家顧問) in 2023.

Ms. Feng Yan, a deputy general manager of our Company, is primarily responsible for the overall strategic planning and key business as well as operational decision-making for our Company. Before she founded our Company with Dr. Kang in 2012, Ms. Feng was a research manager at the School of Medicine of Yale University. Ms. Feng's background and expertise in clinical and medical research has enhanced our capacity in project management and business procurement. Dr. Kang and Ms. Feng have led to continuously adapt to the changing landscape in pharmaceutical R&D and commercialization, and stand out in intense market competition.

Dr. Chen Guangming, the chief scientific officer and a deputy general manager of our Company, has about 25 years of experience in the pharmaceutical industry, and is primarily responsible for overseeing the R&D process, strategic planning and operational management. Prior to joining our Company, Dr. Chen worked as a senior research fellow in a renowned public pharmaceutical company in the U.S., led the discovery of marketed novel drugs, including ataluren and risdiplam (a global blockbuster drug), and engaged in the development of several other innovative drugs.

OUR STRATEGIES

We will continue to follow the principle of "fast-follow fuels innovation, and innovation shapes the future (仿製助力創新，創新驅動未來)," to support the R&D of our innovative drugs through the sales of our generic drugs. In the long run, our objective is to develop innovative drugs that are globally competitive and affordable to patients around the world. To achieve our goal, we plan to implement the following strategies.

Continue to invest in R&D to advance our product development and enrich our product portfolio and pipeline

We believe continuous innovation is critical to our competitiveness and sustainable growth. We will continue to invest in R&D and develop products in the therapeutic areas where we have already established a diversified product portfolio and extensive R&D experience.

Innovative drugs

Leveraging our R&D platform for small molecule modulators relating to immune and inflammatory responses, we will continue to advance the development of our innovative drug candidates. We expect to complete the Phase III clinical trial of C019199 for osteosarcoma and submit an NDA application to the NMPA by 2026, and to obtain NDA approval by 2027. We also expect to initiate the Phase III clinical trial of combination therapy with C019199 and anti-PD-1 mAbs for advanced solid tumors in China by 2025, and to initiate Phases I/II clinical trials in the U.S. In addition, for our second innovative drug candidate HXP056 indicated for ocular fundus diseases such as wAMD, DME and RVO, we submitted IND application of wAMD to the NMPA in January 2025, and received its IND approval from the NMPA in April 2025. We initiated the Phase I clinical trial in June 2025 and are actively recruiting patients at the current stage. We expect that the Phase I clinical trial will be completed by the end of 2025.

Benefiting from the compounds that we synthesized which possess regulatory capabilities for in-vivo immunological modulation/inflammatory responses and excellent brain permeability, we also plan to submit (i) an IND application to the NMPA for our third innovative drug candidate that targets gliomas in the first half of 2026; and (ii) an IND application for our fourth innovative drug candidate that targets respiratory diseases such as IPF, and initiate Phases I/II clinical trials in the first half of 2027.

Once we have conducted the proof of concept of a drug candidate, we will proceed with the subsequent clinical research in China and simultaneously initiate international multi-center clinical research, primarily in the U.S., aiming to develop a comparative advantage on the global scale with the support of the Chinese market. We also plan to initiate international multi-center clinical trials of our innovative drug candidates in the future, and will actively seek international partners to boost our international commercialization capabilities.

Generic drugs

We will continue to develop generic drugs to improve patients' accessibility thereto, enrich our product portfolio and reinforce our market position. As of the Latest Practicable Date, we had five generic drug candidates at the ANDA stage, three generic drugs at BE study stage and more than ten generic drugs under early stage development, which we plan to complete in the next three years. We expect that in each of the next five years, we will obtain marketing approvals for three to five generic drugs in our pipeline. After we launch our new generic drugs, we will actively participate in the bidding in national and provincial VBP schemes. Generic drugs will provide a stable support to our rapid growth and contribute to our development of innovative drugs.

We will continue to enhance our commercialization capacities and further expand our market presence by strengthening both our sales team and our sales and distribution network.

We plan to strengthen our sales team by (i) enhancing their professional expertise through continuous on-the-job trainings; and (ii) expanding our sales team to meet our increasing marketing demand with respect to our growing generic drug portfolio as well as C019199, which is scheduled to be commercialized in 2027. Based on the commercialization schedule of our innovative drug candidates, we plan to hire talent with rich expertise in the pharmaceutical industry and strong market development abilities to promote our innovative drugs across China. We will develop a targeted and viable action plan to market our innovative drugs: (i) before launching, we will conduct in-depth market research to fully understand the competitive landscape and develop differentiated marketing strategies; (ii) based on the characteristics of our innovative drugs and our target regions, we will engage seasoned sales and marketing agencies with proven track records to accelerate the market penetration rate of our new products; and (iii) we will price our innovative drugs based on the respective characteristics of the domestic and international markets, such as per capita income and medical insurance policies, benchmarked against our competitors' pricing.

We also plan to strengthen our sales and distribution network to not only increase the market share of our commercialized generic drugs, but also provide support for our innovative drugs to be launched. With respect to generic drugs, the focus of our sales strategy will remain on national and provincial VBP schemes. We expect to launch multiple new generic drugs by 2027, and will strive to expand our sales and distribution network to cover all the secondary and tertiary hospitals in the regions where we win the bidding in national or provincial VBP schemes. In addition, we plan to expand our sales and distribution network abroad by cooperating with reputable pharmacy chains and retail pharmacies.

Improve our R&D capacities and pursue collaboration opportunities

We plan to improve our R&D capacities by expanding our R&D team through both internal training and external recruitment, and by collaborating with other pharmaceutical companies to accelerate the R&D process of our generic and innovative drugs. We will make full use of the internal and external R&D resources available to us to advance our R&D projects efficiently, further enhance our R&D capacities and foster continuous innovation. In addition, since our goal is to become an international pharmaceutical company with a pipeline of innovative drug candidates, we will actively explore opportunities to collaborate with multinational corporations (MNCs) to expand our international clinical development and commercialization efforts.

Expand our production capacity and further strengthen our quality control to comply with global quality standards

We plan to align our production and quality management systems with global quality standards such as EU GMP and the U.S. cGMP. We also plan to invest in production facilities, which would expand our annual production capacity. For more information, see "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus. In addition, we plan to further strengthen our quality control of the drugs produced by the third-party CMOs that we collaborate with.

Continuously recruit, cultivate and retain talent

We believe high-caliber talent both in China and overseas is key to maintaining our competitiveness in the rapidly-growing and continuously-evolving pharmaceutical industry. We aim to attract and retain multidisciplinary talent, focusing on innovative drug development and international clinical trial expertise to strengthen our R&D capacities. To support sustainable growth, we will enhance employee training system, fostering continuous employee self-improvement. Additionally, we plan to refine our incentive schemes with competitive compensation, equity participation, and promotion opportunities, aligning personal development with our long-term strategies.

OUR PRODUCT PORTFOLIO

As of the Latest Practicable Date, we had obtained approval from the NMPA for 15 generic drugs and established a pipeline of four innovative drug candidates.

Our generic product portfolio consisted of (i) two drugs for digestive system diseases; (ii) one drug for endocrine system diseases; (iii) six drugs for cardiovascular system diseases; (iv) five drugs for inflammatory diseases; and (v) one drug for nervous system diseases. We have five generic drug candidates at the ANDA stage, three at the BE study stage, and over ten under development.

Our potential first-in-class innovative drug candidate, C019199, is a multi-target small molecule for the treatment of a wide spectrum solid tumors. In addition, we have three other innovative drug candidates for the treatment of ophthalmologic diseases, glioma and IPF.

Our Generic Drugs

During the Track Record Period, our revenue from the sales of pharmaceutical products was primarily generated from the sales of nine generic drugs in five therapeutic areas.

The following table sets forth a breakdown of our revenue from sales of pharmaceutical products by therapeutic areas in absolute amounts and as percentages of total revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Digestive system	160,973	78.4%	146,096	46.9%	146,499	31.7%	61,718	34.7%	73,639	29.6%
Cardiovascular system	8,627	4.2%	115,040	36.9%	209,464	45.4%	78,168	44.0%	131,192	52.6%
Endocrine system	34,614	16.9%	40,255	12.9%	47,949	10.4%	18,924	10.6%	17,385	7.0%
Nervous system	571	0.3%	5,363	1.7%	10,064	2.2%	3,027	1.7%	6,063	2.4%
Inflammatory diseases	548	0.3%	4,776	1.5%	47,553	10.3%	15,938	9.0%	20,867	8.4%
Total	**205,334**	**100.0%**	**311,529**	**100.0%**	**461,529**	**100.0%**	**177,775**	**100.0%**	**249,147**	**100.0%**

We sell substantially all of our products to distributors, who in turn distribute such products primarily to hospitals and a small portion to pharmacies. During the Track Record Period, we also generated a small portion of our revenue from direct sales to pharmacies. The following table sets forth the breakdown of our revenue from sales of pharmaceutical products in absolute amounts and as percentages of total revenue by sales channel for the years/periods indicated.

	For the years ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Distributors	205,334	100.0%	302,362	97.1%	449,193	97.3%	170,526	95.9%	243,852	97.9%
– from VBP schemes	186,501	90.8%	279,418	92.4%	404,078	90.0%	147,429	82.9%	234,937	94.3%
– from non-VBP schemes	18,833	9.2%	22,944	7.6%	45,115	10.0%	23,097	13.0%	8,915	3.6%
Direct sales	–	–	9,167	2.9%	12,336	2.7%	7,249	4.1%	5,295	2.1%
Total	205,334	100.0%	311,529	100.0%	461,529	100.0%	177,775	100.0%	249,147	100.0%

The following table sets forth a breakdown of revenue from sales of pharmaceutical products by marketed products during the Track Record Period in absolute amounts and as percentages of total revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Anbili (安必力®)	160,973	78.4%	146,096	46.9%	145,984	31.6%	61,718	34.7%	72,922	29.3%
Ruiantuo (瑞安妥®)	34,614	16.9%	40,255	12.9%	47,949	10.4%	18,924	10.6%	17,385	7.0%
Haihuitong (海慧通®)	5,965	2.9%	102,911	33.0%	187,339	40.6%	70,408	39.6%	118,866	47.7%
Haibiping (海必平®)	2,661	1.3%	12,129	3.9%	20,779	4.5%	7,761	4.4%	11,538	4.6%
Anyoufan (安优凡®)	571	0.3%	5,363	1.7%	10,064	2.2%	3,027	1.7%	6,063	2.4%
Saixifu (赛西福®)	–	–	–	–	43,729	9.5%	14,212	8.0%	19,220	7.7%
Others	548	0.3%	4,776	1.5%	5,685	1.2%	1,726	1.0%	3,153	1.3%
Total	**205,334**	**100.0%**	**311,529**	**100.0%**	**461,529**	**100.0%**	**177,775**	**100.0%**	**249,147**	**100.0%**

The following table sets forth the sales volume and average selling price of our products which are included in VBP schemes during the Track Record Period.

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2025			
Product	Sales volume[1] ('000)	Average selling price[2] (RMB)	Sales volume[1] ('000)	Average selling price[2] (RMB)	Sales volume[1] ('000)	Average selling price[2] (RMB)	Sales volume[1] ('000)	Average selling price[2] (RMB)	Time of VBP scheme inclusion	Average selling price before VBP scheme inclusion[3] (RMB)
Anbili (安必力®)	353,545	0.46	323,552	0.45	329,394	0.44	169,026	0.43	February 2021	1.16
Ruiantuo (瑞安妥®)	8,964	3.86	10,449	3.85	12,702	3.77	5,264	3.30	June 2021	N/A[4]
Haihuitong (海慧通®)	1,687	3.54	46,917	2.19	85,483	2.19	54,343	2.19	April 2023	3.56
Haibiping (海必平®)	4,534	0.59	21,251	0.57	36,810	0.56	22,203	0.52	June 2022	N/A[4]
Anyoufan (安优凡®)	1,016	0.56	10,063	0.53	19,922	0.51	10,268	0.59	September 2022	0.81
Antuofei (安妥飞®)	826	0.66	6,778	0.70	5,284	0.72	2,131	0.73	N/A	N/A
Saixifu (赛西福®)	–	–	–	–	21,377	2.05	27,588	0.70	December 2024	2.04[5]
Anliding (安立定®)	–	–	–	–	842	0.61	1,138	0.63	December 2024	N/A[4]
Haikexi (海可喜®)	–	–	–	–	3,109	0.23	1,700	0.22	May 2024	N/A[4]
Shuanya (舒安亚®)	–	–	–	–	319	1.95	162	2.03	N/A	N/A
Haihuining (海惠宁®)	–	–	–	–	–	–	77	1.14	N/A	N/A
Yinganke (盈安可®)	–	–	–	–	–	–	28	1.46	N/A	N/A
Anfeiping (安飞平®)	–	–	–	–	–	–	192	0.25	N/A	N/A

Notes:

(1) Certain products are available in multiple specifications. The sales volume presented reflects the total number of tablets/capsules sold and does not distinguish between different specifications.

(2) The average selling price is calculated by dividing the total revenue of a product by the total number of tablets/capsules sold of that product in a certain year/period.

(3) The average selling price before VBP scheme inclusion is calculated by dividing the total revenue of a product from its commercialization to the time it was included in the VBP scheme, by the total number of tablets/capsules sold during that period. The decrease of our average selling price during the Track Record Period was primarily due to the inclusion of our products in the VBP scheme, which is in line with the industry norm, as advised by our Industry Consultant.

(4) The sales of such product had not been commenced before it was included in the VBP scheme. As a result, there was no available average selling price before VBP scheme inclusion.

(5) Although Saixifu (赛西福®) was included in the VBP scheme in December 2024, its sales under the national VBP scheme had not been commenced until April 2025, resulting in similar level of its average selling price in 2024 and before the VBP scheme inclusion.

The following table sets forth selected information of the generic drugs that we had obtained approval from the NMPA:

Approved Generic Drugs[2]											
Therapeutic area	Trademark	Generic name	VBP inclusion	End date of VBP inclusion validity period[3]	Geographical area coverage	Indication	Cause of the disease	Symptoms of the disease	Current treatment method of the disease	Date of ANDA approval	Description
Digestive System	安必力®	**Mosapride Citrate Tablets**	Selected in the National VBP Scheme	June 30, 2026	Beijing, Tianjin, Jiangsu, Anhui, Guangdong, Guangxi, Yunnan, Shaanxi, Hebei, Shandong	Functional dyspepsia	Gastrointestinal motility dysfunction and environmental factors	Mainly gastrointestinal symptoms without specific manifestation	Lifestyle management, antisecretory drugs and gastrointestinal excitomotor	June 17, 2020	The first product of its kind regarded as passing the consistency evaluation in China
	安立定®	**Rebamipide Tablets**	Selected in the Provincial VBP Scheme	December 31, 2026	Fujian	Gastric mucosal lesions in acute gastritis and acute exacerbation of chronic gastritis	Unhealthy lifestyle, infectious factors, and long-term NSAIDs intakes	Pain in abdominal with or without haematemesis or melena	Symptomatic treatment, hemostasis, and medication treatment	April 24, 2024	The third product of its kind regarded as passing the consistency evaluation in China
Cardiovascular system	海慧通®[4]	**Amlodipine Besilate and Atorvastatin Calcium Tablets**	Selected in the National VBP Scheme	December 31, 2025	Zhejiang, Fujian, Jiangxi, Hubei, Guangdong, Guangxi, Shaanxi, Gansu, Qinghai	Hypertension, coronary heart disease, and hypercholesterolemia	Majority are primary, including genetic factors, unhealthy lifestyle, mental problems, etc. Minority are secondarily caused by other diseases	Mainly headache, fatigue, cardiovascular symptoms, and secondary renal injury	Lifestyle management, antihypertensive drugs, and renal denervation	January 30, 2022	/
	海必平®[3]	**Valsartan and Amlodipine Tablets (I)**	Selected in the Provincial VBP Scheme	December 31, 2025	Jiangsu, Henan, Hubei, Hunan, Inner Mongolia, Guangxi, Hainan, Xinjiang, Shanxi, Chongqing, Guizhou, Qinghai, Ningxia, Yunnan, Sichuan, Tibet, Beijing, Shaanxi, Heilongjiang	Hypertension				April 19, 2022	/
	海可喜®	**Valsartan Tablets**	Selected in the Provincial VBP Scheme	June 30, 2026	Guangdong, Anhui, Fujian, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, Tibet, Gansu, Shandong	Hypertension				June 28, 2022	/
	海惠宁®	**Bisoprolol Fumarate and Amlodipine Besilate Tablets**	No National VBP Scheme Yet	/	/	Hypertension				December 1, 2024	/
	海立平®	**Benidipine Hydrochloride Tablets**	No National VBP Scheme Yet	/	/	Primary hypertension, angina pectoris	Primary hypertension: unknown Systolic blood pressure ≥140 mmHg and/or diastolic blood pressure ≥90 mmHg; angina pectoris: narrowing or blockage of major blood vessels supplying the heart, leading to insufficient oxygen supply to the myocardial cells	Chest pain or discomfort, chest tightness, sweating, and vomiting	Lifestyle management, antihypertensive pharmacotherapy, combination therapy, Pharmacological management,	July 30, 2025	/
	舒安亚®	**Nicergoline Tablets**	No National VBP Scheme Yet	/	/	Acute or chronic cerebrovascular disease or cerebral metabolic disorders	Genetic factors, systemic metabolic disorders, infectious factors, and trauma	Mainly headache, mental or cognitive disorder	Symptomatic treatment, medication treatment and interventional therapy	November 28, 2023	The second product of its kind regarded as passing the consistency evaluation in China
Endocrine system	瑞安妥®	**Cinacalcet Hydrochloride Tablets**	Selected in the National VBP Scheme	December 31, 2025	Hebei, Guizhou, Yunnan, Gansu, Jiangsu, Anhui, Hubei, Guangxi, Chongqing, Sichuan, Shaanxi, Qinghai, Shandong, Shanghai, Inner Mongolia	SHPT	Long-term hypocalcemia, hypomagnesemia, or hyperphosphatemia caused by chronic kidney disease, intestinal malabsorption syndrome, Fanconi syndrome, etc.	Mainly bone deformities, pathological fracture, and neurotoxic symptoms	Medication treatment, parathyroidectomy, and minimally invasive treatment	March 16, 2021	/
Nervous System	安优凡®[5]	**Escitalopram Oxalate Tablets**	Selected in the Provincial VBP Scheme	December 31, 2025	Fujian, Henan, Beijing, Chongqing, Yunnan, Sichuan, Tibet, Inner Mongolia, Shaanxi, Hubei, Jiangsu, Guangdong, Guangxi, Xinjiang, Qinghai, Ningxia, Hunan, Guizhou, Shanxi, Gansu, Hainan	Depression	Has not been elucidated yet	Mainly depressive mood, retardation of thought, and hypobulia	Medication treatment, psychotherapy, and physiotherapy	March 23, 2021	/

Approved Generic Drugs[2]											
Therapeutic area	Trademark	Generic name	VBP inclusion	End date of VBP inclusion validity period[3]	Geographical area coverage	Indication	Cause of the disease	Symptoms of the disease	Current treatment method of the disease	Date of ANDA approval	Description
Inflammation	安妥飞®	Celecoxib Capsules	Not participated	/	/	Rheumatoid arthritis	Autoimmune factors, genetic factors, and infectious factors	Mainly systemic arthritis, articular pain, and deformity	Lifestyle management, medication treatment, and surgical treatment	October 11, 2021	/
						Osteoarthritis	Aging and long-term physical labor	Mainly arthritis, articular pain, deformity, and limited joint activity	Lifestyle management, reduction in physical labor, medication treatment, and surgical treatment		
						Ankylosing spondylitis (may include other indications)	Autoimmune factors, genetic factors, and infectious factors	Mainly articular pain, deformity, and limited joint activity in vertebral column, and some patients may suffer from systemic symptoms	Lifestyle management, medication treatment, surgical treatment, and physiotherapy		
	赛西福®	Hydroxychloroquine Sulfate Tablets	Selected in the National VBP Scheme	December 31, 2027	Zhejiang, Fujian, Hunan, Yunnan, Tianjin, Heilongjiang	Rheumatoid arthritis	Autoimmune factors, genetic factors, and infectious factors	Mainly systemic arthritis, articular pain, and deformity	Lifestyle management, medication treatment, and surgical treatment	October 27, 2023	The second product of its kind regarded as passing the consistency evaluation in China
						Juvenile chronic arthritis	Has not been elucidated yet, maybe related to abnormalities in immune system	Mainly fever, skin rashes, hepatosplenomegaly, pleurisy, pericarditis, and arthropathy	Symptomatic treatment, anti-inflammatory agents, immunosuppressant, and adrenocorticotropic hormone treatment, and surgical treatment		
						Systemic lupus erythematosus	Has not been elucidated yet, maybe an autoimmune disease	Characterized by skin rashes, accompanied by several viscera injuries including cardiac damage, pulmonary interstitial fibrosis, pancreatitis, etc.	Symptomatic treatment, avoiding UV light, medication treatment, and topical treatment		
						Discoid lupus erythematosus	Genetic factors, drug effects, infectious factors, endocrine factors, exposure to UV light, and disorder in immune system	Chronic and recurrent rashes on skin and mucosa	Avoiding UV light, medication treatment, and topical treatment		
	安飞平®	Diclofenac Sodium Enteric-coated Tablets	No National VBP Scheme Yet	/	/	Anti inflammatory and analgesic effect	All kinds of noxious stimulus	Topical or systemic redness, swelling, elevated body temperature, pain, and loss of function	Symptomatic treatment, and medication treatment	June 28, 2024	The first product of its kind regarded as passing the consistency evaluation in China
	盈安可®	Cobamamide Capsules	No National VBP Scheme Yet	/	/	Anemia	Impaired RBC production, hemolytic anemia, blood loss, and hypervolemia	Mainly fatigue, dizziness, headache, shortness of breath, and mental disorder	Etiological treatment, folic acid, vitamin B12, and iron supplements	August 5, 2024	The fifth product of its kind regarded as passing the consistency evaluation in China
						Neuroinflammations	Noxious stimulus affecting neuro system	Topical pain, sensory disturbance, and activity limitation	Etiological treatment, and neurotrophic treatment; and physiotherapy		
	及舒宁®	Cetirizine Hydrochloride Oral Solution	No National VBP Scheme Yet	/	/	Allergic rhinitis, allergic conjunctivitis, urticaria, etc.	Immune system's overreaction to allergens	Seasonal/perennial allergic rhinitis, allergic conjunctivitis, etc.	Lifestyle management, and medication treatment	June 17, 2025	/

Notes:

(1) All of our commercialized generic drugs were developed and commercialized in mainland China, and registered as the third or fourth category of chemical drugs. They have been included in medical insurance catalogs. None of our products have been historically included in any national or provincial negative catalogues.

(2) During the Track Record Period, all drug products in our commercialized generic drugs pipeline (i.e., all of our approved drug products except Jishuning (及舒宁®) and Hailiping (海立平®)) had generated revenue for us. Jishuning (及舒宁®) and Hailiping (海立平®) had not been commercialized as of the Latest Practicable Date. Among all of our 15 approved generic drug products, Antuofei (安妥飞®), Anliding (安立定®), Haihuitong (海慧通®) and Hailiping (海立平®), were developed in house, and the other 11 generic drug products were developed under R&D collaboration.

(3) For drug products which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validly period refers to the latest one. The start date for Haibiping (海必平®) in certain provinces is yet to be determined by relevant authorities.

(4) In addition to hypertension, the indications of Haihuitong (海慧通®) also include coronary heart disease and hypercholesterolemia. Coronary heart disease is caused by aging, unhealthy lifestyle, hypertension, hyperlipidemia, and/or diabetes. The symptoms of coronary heart disease are mainly fatigue and angina pectoris, and its current treatment methods include lifestyle management, medication treatment or interventional therapy. Hypercholesterolemia is caused by unhealthy lifestyle and endocrine disorder. There is no specific manifestation of symptom of hypercholesterolemia at early stage but it may lead to vascular diseases at late stage. Its current treatment methods include lifestyle management, medication treatment and terminal ileum resection.

(5) In addition to depression, the indications of Anyoufan (安优凡®) also include anxiety disorder and panic disorder. Anxiety disorder is caused by disturbance in neurotransmitter level and psychological factors, and its symptoms include persistent or intermittent anxious emotion with or without somatic or behavior symptoms. Panic disorder is caused by genetic factors, psychological factors, and neuroanatomical factors, and its symptoms include intermittent panic attack, anticipatory anxiety and behavior disorder. The current treatment methods of panic disorder and anxiety disorder are medication treatment and psychotherapy.

Generic Drugs for Digestive System Diseases

As of the Latest Practicable Date, we had commercialized two drugs for digestive system diseases, namely Anbili (安必力®) and Anliding (安立定®). In 2022, 2023, 2024 and the five months ended May 31, 2025, our sales of drugs for digestive system diseases amounted to RMB161.0 million, RMB146.1 million, RMB146.5 million and RMB73.6 million, respectively, accounting for 78.4%, 46.9%, 31.7% and 29.6% of our revenue from sales of pharmaceutical products, respectively.

According to CIC, digestive system was the sixth largest therapeutic area in China in terms of sales revenue in 2023, accounting for 6.0% of the overall pharmaceutical market, and the market size of drugs for digestive system diseases in China amounted to RMB105.8 billion in 2024, which is projected to remain relatively stable and reach RMB118.1 billion in 2032.

Anbili (安必力®) (mosapride citrate tablets)

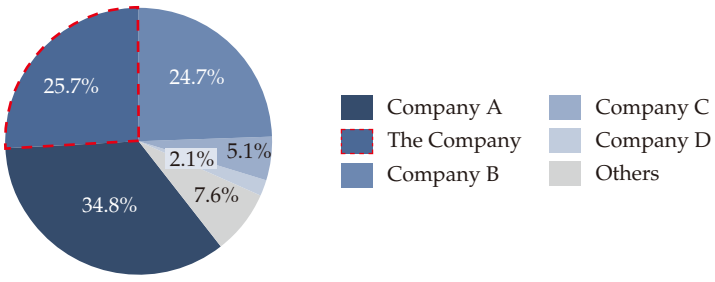
Anbili (安必力®), our generic of mosapride citrate tablets, is a selective 5-HT4 receptor agonist characterized by low adverse drug reactions, no cardiac toxicity, ability to enhance gastrointestinal motility and efficacy across multiple indications. It is primarily used for treating functional dyspepsia, gastroesophageal reflux, gastroparesis, constipation, and capsule endoscopy, among other conditions. The originator product of Anbili (安必力®) was first launched in China in 2000. In June 2020, Anbili (安必力®) became the first-to-market generic of mosapride citrate tablets that was regarded as passing the consistency evaluation in China and was granted marketing approval by the NMPA. It was selected in the Fourth National VBP Scheme in February 2021 and has been included in the NRDL. Below is an illustrative diagram of Anbili (安必力®):

In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue from the sales of Anbili (安必力®) amounted to RMB161.0 million, RMB146.1 million, RMB146.0 million and RMB72.9 million, respectively, accounting for 78.4%, 46.9%, 31.6% and 29.3% of our revenue from sales of pharmaceutical products, respectively.

Mosapride, with its advantages in efficacy, safety and patient compliance, is an effective alternative to itopride and domperidone as well as one of the most important gastrointestinal mobility drugs in China. Since mosapride has been included in the NRDL and the national VBP scheme, mosapride citrate tablets are fairly accessible and affordable for patients. According to CIC, in terms of sales revenue in China between 2018 and 2021, mosapride citrate tablets had the largest market share among gastrointestinal mobility drugs, surpassing itopride and domperidone, the other two commonly used gastrointestinal mobility drugs.

The market size of mosapride in China in terms of sales revenue experienced a decline in 2022, primarily due to the reduced unit prices of mosapride citrate tablets following their inclusion in the national VBP scheme. The market size of mosapride in China amounted to RMB567.5 million in 2024 and is projected to reach RMB853.2 million by 2032 at a CAGR of 5.2%, according to CIC. As of the Latest Practicable Date, there were 12 mosapride citrate drugs approved for sale in China, including one originator product and ten generic drugs. Anbili (安必力®), which generated revenue of RMB146.0 million in 2024, had a market share of 25.7%, ranking second in terms of sales revenue among all mosapride citrate drugs in China, according to CIC. The following chart sets forth the competitive landscape of China's mosapride market in terms of revenue in 2024:

Market share of mosapride in China, 2024



Source: annual reports of relevant listed companies, NHSA, CIC

Notes:

1. Company A, a listed company headquartered in Sichuan Province, researches, develops, manufactures, and distributes medicines for ophthalmic, central nervous, digestive and endocrine systems.

2. Company B, headquartered in Shandong Province, is an integrated pharmaceutical group of producing, researching and selling traditional Chinese medicine, chemical medicine and bio-pharmaceutical medicinal products.

3. Company C, a listed company headquartered in Shanxi Province, includes more than 300 kinds of TCM, APIs, patches and pharmaceutical packaging materials.

4. Company D, founded in 1897 and headquartered in Osaka, Japan, is a multinational pharmaceutical company focusing on oncology, psychiatry, neurology, women's health issues, urological diseases, etc.

Anliding (安立定®) (rebamipide tablets)

Anliding (安立定®), our generic of rebamipide tablets, is an inhibitor of the ubiquitin-associated and SH3 domain-containing protein B (UBASH3B). It alleviates gastric mucosal damage through its mucosal protective, ulcer healing, and anti-inflammatory actions, and is primarily used for treating acute gastritis and the acute phase of chronic gastritis. The originator product of Anliding (安立定®) was first launched in China in 2002. In April 2024, Anliding (安立定®) was regarded as passing the consistency evaluation and was granted marketing approval by the NMPA. Below is an illustrative diagram of Anliding (安立定®):

The rebamipide market in China in terms of sales revenue grew from RMB609.0 million in 2018 to RMB957.7 million in 2024, and is projected to reach RMB1,392.8 million by 2032 at a CAGR of 4.8%, according to CIC. As of the Latest Practicable Date, there were 17 rebamipide tablets approved for sale in China, including one originator product and 15 generic drugs.

Generic Drugs for Cardiovascular System Diseases

As of the Latest Practicable Date, we had commercialized five drugs for cardiovascular system diseases, namely Haihuitong (海慧通®), Haibiping (海必平®), Haikexi (海可喜®), Haihuining (海惠宁®) and Shuanya (舒安亚®). In 2022, 2023, 2024 and the five months ended May 31, 2025, our sales of drugs for cardiovascular system diseases amounted to RMB8.6 million, RMB115.0 million, RMB209.5 million and RMB131.2 million, respectively, accounting for 4.2%, 36.9%, 45.4% and 52.7% of our revenue from sales of pharmaceutical products, respectively.

Cardiovascular system, consisting of heart and blood vessels, is one of the most important systems in the human body, responsible for distributing nutrients and collecting metabolites from the cells. Common cardiovascular system diseases include hypertension, cardiac dysfunction, and coronary atherosclerotic heart disease (CAHD). Hypertension refers to an abnormal increase in blood pressure, which may lead to damage to the vascular epithelial or even cerebral hemorrhage. Cardiac dysfunction refers to a decline in heart function caused by various factors. CAHD refers to the cardiac disease caused by coronary artery stenosis due to atherosclerosis. According to CIC,

cardiovascular system diseases were the fifth largest therapeutic area in China in terms of sales revenue in 2023, accounting for 7.4% of the overall pharmaceutical market. In terms of sales revenue, the market size of drugs for cardiovascular system drug in China amounted to RMB130.2 billion in 2024, and is projected to grow at a CAGR of 1.0% to RMB140.5 billion in 2032, according to CIC.

Haihuitong (海慧通®) (amlodipine besilate and atorvastatin calcium tablets)

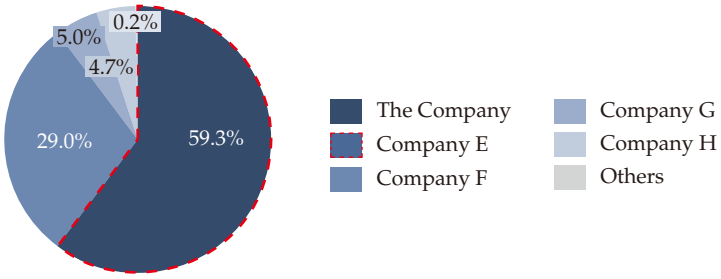
Haihuitong (海慧通®), our generic of amlodipine besilate and atorvastatin calcium tablets, is a compound medication consisting of two cardiovascular medications: amlodipine besilate, a long-acting calcium channel blocker, and atorvastatin calcium, a lipid-lowering agent. This fixed-dose combination drug serves as a first-line treatment for hyperlipidemia, hypertension and coronary heart disease. It can significantly enhance patient adherence to medication and safety. For the middle-aged and elderly populations, it improves compliance with medication and strengthens treatment effectiveness, which are crucial for reducing the high incidence rates of myocardial infarction and stroke in China. The originator product of Haihuitong (海慧通®) was first launched in China in 2008. In January 2022, Haihuitong (海慧通®) was granted marketing approval by the NMPA. It was selected in the Eighth National VBP Scheme in April 2023 and has been included in the NRDL. Below is an illustrative diagram of Haihuitong (海慧通®):

In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue from the sales of Haihuitong (海慧通®) amounted to RMB6.0 million, RMB102.9 million, RMB187.3 million and RMB118.9 million respectively, accounting for 2.9%, 33.0%, 40.6% and 47.7% of our revenue from sales of pharmaceutical products, respectively.

The market size of amlodipine besilate and atorvastatin calcium in China in terms of sales revenue grew from RMB644.2 million in 2018 to RMB995.9 million in 2022, and experienced a decline in 2023 due to the reduced unit prices of amlodipine besilate and atorvastatin calcium tablets following their inclusion in the national VBP scheme. The market size of amlodipine besilate and atorvastatin calcium amounted to RMB509.7 million in 2024 and is projected to grow at a CAGR of 3.8% to RMB701.8 million in 2032, according to CIC. As of the Latest Practicable Date, there were 25 amlodipine besilate and atorvastatin calcium tablets (different specifications counted) approved for sale in China,

including two originator product and 23 generic drugs. Haihuitong (海慧通®), which generated a revenue of RMB187.3 million in 2024, had a market share of 59.3%, ranking first in terms of sales revenue among all 5mg/10mg amlodipine besilate and atorvastatin calcium tablets in China. The following chart sets forth the competitive landscape of China's amlodipine-atorvastatin market in terms of revenue in 2024:

Market share of amlodipine besilate and atorvastatin calcium (5mg/10mg) in China, 2024



Source: annual reports of relevant listed companies, NHSA, CIC

Notes:

1. Company E, founded in 2012 and headquartered in Shanghai, supplies over 60 products to the China's market, covering anti-tumor, anti-infection, cardiovascular, etc.

2. Company F, headquartered in Beijing, a subsidiary of a listed group integrating pharmaceutical production, R&D and marketing.

3. Company G, headquartered in Jiangsu Province, is a multinational pharmaceutical company with integrated R&D, manufacturing, marketing, sales and distribution capabilities. It is a subsidiary of a public listed pharmaceutical company.

4. Company H, founded in 1998 and headquartered in Beijing, is one of the leading players in China's cardiovascular drug market.

Other Cardiovascular Products

As of the Latest Practicable Date, we had commercialized four other drugs for cardiovascular system diseases, including (i) Haibiping (海必平®), our generic of valsartan and amlodipine tablets (I), which contains two antihypertensive active ingredients: valsartan, an angiotensin receptor blocker (ARB), and amlodipine, a calcium channel blocker, offering complementary mechanisms of action in blood pressure control; (ii) Haikexi (海可喜®), our generic of valsartan tablets which is an ARB used primarily to treat hypertension; (iii) Haihuining (海惠宁®), our bisoprolol fumarate and amlodipine besilate tablets used primarily to treat hypertension; and (iv) Shuanya (舒安亚®) used primarily to treat acute or chronic cerebrovascular disease or cerebral metabolic disorders.

Generic Drug for Endocrine System Diseases

As of the Latest Practicable Date, we had commercialized one product for endocrine system diseases, namely Ruiantuo (瑞安妥®). In 2022, 2023, 2024 and the five months ended May 31, 2025, our sales of Ruiantuo (瑞安妥®) amounted to RMB34.6 million, RMB40.3 million, RMB47.9 million and RMB17.4 million, respectively, accounting for 16.9%, 12.9%, 10.4% and 7.0% of our revenue from sales of pharmaceutical products, respectively.

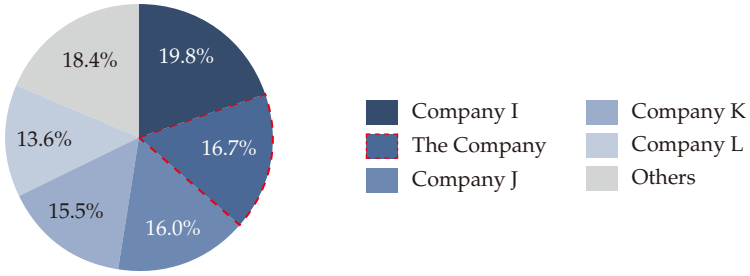
Endocrine system, consisting of a series of endocrine glands and endocrine tissues, is an important system in the human body. Common endocrine system diseases are mainly caused by abnormal up-regulation or down-regulation of hormone level, including gigantism, dwarfism, T1DM, hyperthyroidism, and cretinism. According to CIC, the market size of drugs for endocrine system diseases in China in terms of sales revenue grew from RMB82.7 billion in 2018 to RMB99.7 billion in 2024, and is projected to grow at a CAGR of 2.9% to RMB125.0 billion in 2032.

Ruiantuo (瑞安妥®) (cinacalcet hydrochloride tablets)

Ruiantuo (瑞安妥®), our generic of cinacalcet hydrochloride tablets, is a calcium-sensing receptor agonist that reduces the levels of parathyroid hormone, calcium, phosphate and the calcium-phosphate product by enhancing the calcium-sensing receptor's sensitivity to the calcium levels in the bloodstream. It is primarily used for treating secondary hyperparathyroidism (SHPT) for patients with chronic kidney disease on maintenance dialysis, hypercalcemia for patients with parathyroid carcinoma, and hypercalcemia for patients with primary hyperparathyroidism. The originator product of Ruiantuo (瑞安妥®) was first launched in China in 2014. In March 2021, Ruiantuo (瑞安妥®) was granted marketing approval by the NMPA. It was also selected in the Fifth National VBP Scheme in June 2021 and has been included in the NRDL. Below is an illustrative diagram of Ruiantuo (瑞安妥®):

The market size of cinacalcet in China experienced a decline in 2022 due to the reduced unit prices of cinacalcet hydrochloride tablets following their inclusion in the national VBP scheme. The market size of cinacalcet amounted to RMB287.2 million in 2024 and is projected to grow at a CAGR of 9.1% to RMB576.2 million in 2032, according to CIC. As of the Latest Practicable Date, there were 13 cinacalcet products approved for sale in China, including one originator product and 12 generic drugs. Ruiantuo (瑞安妥®), which generated a revenue of RMB47.9 million in 2024, had a market share of 16.7%, ranking second in terms of sales revenue among all cinacalcet hydrochloride tablets in China. The following chart sets forth the competitive landscape of China's cinacalcet market in terms of revenue in 2024:

Market share of cinacalcet in China, 2024



Source: annual reports of relevant listed companies, NHSA, CIC

Notes:

1. Company I, founded in 2018 and headquartered in Hebei Province, is a pharmaceutical group integrating innovative R&D, production and professional marketing.

2. Company J, founded in 1995 and headquartered in Beijing, focuses on providing solutions of cardiovascular diseases, rare diseases, liver diseases, etc.

3. Company K, founded in 1995 and headquartered in Jiangsu Province, focused on the R&D of nephrology and cardio-cerebrovascular therapeutic areas.

4. Company L, headquartered in Tokyo, Japan, was founded in 1949. It is dedicated to the R&D, production, and sales of new drugs primarily for the treatment of cancer and kidney diseases.

Generic Drugs for Nervous System Diseases

As of the Latest Practicable Date, we had commercialized Anyoufan (安优凡®), a generic of escitalopram oxalate tablets, which is a pure S-enantiomer of the bicyclic phthalane derivative citalopram that inhibits 5-HT reuptake in the central nervous system, thereby enhancing central serotonergic function. Our revenue from the sales of Anyoufan (安优凡®) amounted to RMB0.6 million, RMB5.4 million, RMB10.1 million and RMB6.1 million in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively, accounting for 0.3%, 1.7%, 2.2% and 2.4% of our revenue from sales of pharmaceutical products, respectively.

Generic Drugs for Inflammatory Diseases

As of the Latest Practicable Date, we had commercialized four drugs for inflammatory diseases, namely Saixifu (赛西福®), Antuofei (安妥飞®), Yinganke (盈安可®) and Anfeiping (安飞平®). In 2022, 2023, 2024 and the five months ended May 31, 2025, our sales of drugs for inflammatory diseases amounted to RMB0.5 million, RMB4.8 million, RMB47.6 million and RMB20.9 million, respectively, accounting for 0.3%, 1.5%, 10.3% and 8.4% of our revenue from sales of pharmaceutical products, respectively.

The market size of drugs for rheumatic diseases in China grew at a CAGR of 1.4% from RMB19.8 billion in 2018 to RMB20.4 billion in 2024, and is projected to grow at a CAGR of 1.4% to RMB22.7 billion in 2032, according to CIC.

Saixifu (赛西福®) (hydroxychloroquine sulfate tablets)

Saixifu (赛西福®), our generic of hydroxychloroquine sulfate tablets, can interfere with metabolic enzyme activity and inhibit DNA replication. It is primarily used to treat rheumatoid arthritis, juvenile chronic arthritis, systemic and discoid lupus erythematosus. The originator product of Saixifu (赛西福®) was first launched in China in 1995. In October 2023, Saixifu (赛西福®) was granted marketing approval by the NMPA. It was selected in the provincial VBP schemes in Fujian and Hebei in December 2023 and June 2024, respectively. It has been selected in the Tenth National VBP Scheme in December 2024 and has been included in the NRDL. Below is an illustrative diagram of Saixifu (赛西福®):

The market size of hydroxychloroquine in China grew at a CAGR of 7.7% from RMB1,153.4 million in 2018 to RMB1,796.9 million in 2024. As of the Latest Practicable Date, there were 13 hydroxychloroquine sulfate tablets (different specifications counted) approved for sale in China, including one originator product and 12 generic drugs. In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue derived from the sales of Saixifu (赛西福®) amounted to nil, nil, RMB43.7 million and RMB19.2 million, respectively, accounting for nil, nil, 9.5% and 7.7% of our revenue from sales of pharmaceutical products, respectively.

Other Inflammatory Products

As of the Latest Practicable Date, we had commercialized three other drugs for inflammatory diseases, including (i) Antuofei (安妥飞®), a generic of celecoxib capsules; (ii) cobamamide capsules; and (iii) Anfeiping (安飞平®), a generic of diclofenac sodium enteric-coated tablets.

Generic Drug Candidates

Our pipeline of generic drug candidates primarily centers around drugs for digestive system diseases, cardiovascular system diseases, inflammatory diseases and nervous system diseases with entry-barrier and unmet clinical needs as well as market demand. The table below set forth selected information on our generic drug candidates as of the Latest Practicable Date:

Pipeline of Generic Drug Candidates — Products under Development

Drug Name	Dosage Form	Indication	Pre-Clinical	BE Study	ANDA	ANDA Approval	Expected Upcoming Milestone	Origin
Sodium Valproate Sustained-Release Tablets (I)	Oral	Epilepsy	China				Expected to obtain approval in 2025	Collaborative R&D
Sodium Potassium Magnesium and Calcium Concentrated Solution for Injection	Injection	Electrolyte supplementation	China				Expected to obtain approval in 2026	Collaborative R&D
Pentoxifylline Sustained-release Tablets	Oral	Brain dysfunction and peripheral blood circulation disorders	China				Expected to obtain approval in 2026	Developed in-house
Paracetamol Ibuprofen Tablets	Oral	Mild to severe pain	China				Expected to obtain approval in 2026	Collaborative R&D
Polaprezinc Granules	Oral	Gastric mucosal protection	China				Expected to obtain approval in 2026	Developed in-house
Iguratimod Tablets	Oral	Arthritis	China				Expected to submit ANDA in 2025	Developed in-house
Pinaverium Bromide Tablets	Oral	Irritable bowel syndrome and functional disorders of biliary tract	China				Expected to submit ANDA in 2025	Developed in-house
Lercanidipine Hydrochloride Tablets	Oral	Hypertension	China				Expected to submit ANDA in 2025	Developed in-house

Notes:

(1) According to applicable drug registration regulations in China, chemical drugs are classified into five categories, and generic drugs are normally under the third (drugs imitated by domestic applicants which are marketed overseas while originator's drugs are not marketed in the PRC) or fourth (drugs imitated by domestic applicants while originator's drugs have been marketed in the PRC) category. We also expect the registration category of our generic drug candidates to be the third or fourth category of chemical drugs. See "Regulatory Overview — Classification of Chemical Drugs" in this prospectus for details of classification of chemical drugs.

(2) As of the Latest Practicable Date, we also had more than ten generic drugs under early stage development, which primarily involves pre-clinical R&D comprising laboratory-scale development, small-scale production, and process validation, followed by BE studies required for ANDA submission.

(3) We entered into a collaborative R&D agreement with a collaboration partner in 2022 in relation to sodium valproate sustained-release tablets, under which we were the MAH and led the overall R&D process. Under the agreement, we make milestone payments to our partner upon milestone events such as the receipt of registration application package, in consideration of our partner's efforts in executing experiments, process validation, and assisting in registration applications. Such milestone payments are recorded as our R&D expenses. The annual sales profit of the relevant product will be shared based on agreed-upon ratios. We currently do not have in consideration plans to enter into similar agreements in the future.

The key distinction between this agreement and the type I collaborative R&D agreements as disclosed in "— Research and Development — R&D collaboration Arrangements" in this prospectus lie in the division of R&D labor. In this agreement, our collaboration partner was more involved in specific R&D tasks such as the execution of small-scale and scale-up experiments material procurement. We made payments to it in consideration of its technical support to the R&D process. In type I agreements, while we also lead the overall R&D work, we are more heavily engaged in specific R&D tasks, and the advance payments we receive from our partners reflect the costs that are to be shared between the parties.

(4) We expect to be the marketing authorization holder of each of our generic drug candidates.

For more information, see "— Our Product Portfolio — Our Generic Drugs — Generic Drug Candidates" in this prospectus.

Our Innovative Drug Candidates

The chart below sets forth selected information on our major innovative product candidates as of the Latest Practicable Date:

Pipeline of Innovative Drug Candidates

Project Name	Therapeutic area	Target/ MOA	Dosage Form	Expected registration category	Mono/ Combo	Intended Indications	Pre-Clinical	IND	Phase I	Phase II	Phase III	Expected Upcoming Milestone
C019199	Oncology	CSF-1R/ DDR1/ VEGFR2 Immuno-oncology therapy	Oral	Class I chemical drugs	Mono	Osteosarcoma	China					Initiate Phase III trial in 2H 2025
							U.S.					Submit Phase I/II IND application in 2H 2025
						HER2- breast cancer	China					Complete Phase Ib/II trial in 2H 2025
						Tenosynovial giant cell tumor (TGCT)	China					Complete Phase Ib/II trial in 2H 2025
						Melanoma	China					Complete Phase Ib/II trial in 1H 2026
					Combo (anti-PD-1 mAbs)	Triple-negative breast cancer (TNBC)	China					Initiate Phase III trial in 1H 2026
							U.S.					Submit Phase I/II IND application in 2H 2025
						Colorectal cancer (CRC)	China					Complete Phase II trial in 1H 2026
						Pancreatic cancer	China					Complete Phase II trial in 2H 2025
						Gastric cancer	China					Complete Phase II trial in 2H 2026
						Esophageal squamous cell carcinoma	China					Complete Phase II trial in 2H 2026
						Head and neck squamous cell carcinoma	China					Complete Phase II trial in 2H 2026
HXP056	Ophthalmology	VEGFR2	Oral	Class I chemical drugs	Mono	Wet age-related macular degeneration (wAMD)	China					Complete Phase I trial by the end of 2025
						Diabetic macular edema (DME)	China					Initiate Phase II trial in 2H 2025
						Retinal vein occlusion (RVO)	China					Initiate Phase II trial in 2H 2025

Note: All of our innovative drug candidates were developed in-house and we have global commercial rights.

C019199

C019199 is at clinical stage, and aims to become the potential first-in-class innovative drug candidate with over ten indications. Developed in-house, C019199 is a small molecule immuno-modulator targeting CSF-1R/DDR1/VEGFR2. Through the synergistic effects on these three targets, it can simultaneously regulate the tumor immunosuppressive microenvironment, inhibit tumor angiogenesis, and suppress tumor cell division, growth, migration, and invasion across multiple pathways, thus yielding a comprehensive anti-tumor effect. C019199 can be used as monotherapy or in combination with other therapies to treat solid tumors. C019199 aims to become the potential first-in-class therapy specifically indicated for osteosarcoma globally, which fills the treatment gap for second-line and later-stage advanced osteosarcoma.

Mechanism of Action

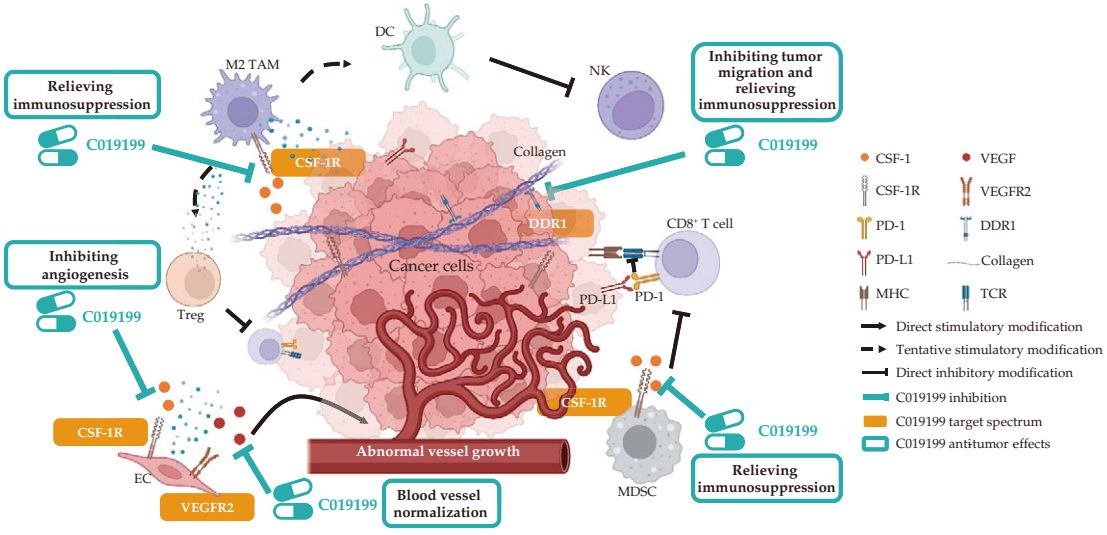
The CSF-1R signaling pathway regulates the recruitment, proliferation, survival and polarization of tumor-associated macrophages (TAMs), playing an important role in the formation of the tumor immunosuppressive microenvironment, angiogenesis, and the infiltration and invasion of tumor cells.

DDR1 is a member of the tyrosine kinase family that uses collagen as a ligand, playing a critical role in regulating cell morphology, differentiation, proliferation, adhesion, migration, invasion and matrix remodeling. The activation of this pathway is often closely associated with the occurrence and progression of solid tumors.

Abnormal activation of VEGFR2 not only promotes the abnormal proliferation of tumor vasculature but also facilitates the formation of a tumor immunosuppressive microenvironment, which is closely related to tumor growth and metastasis.

C019199 modulates the immunosuppressive tumor microenvironment and exerts synergistic anti-tumor effects through the selective inhibition of these three targets. It inhibits tumor angiogenesis and suppresses multiple pathways involved in tumor cell division, growth, migration, and invasion.

The following diagram illustrates the immunosuppressive tumor microenvironment that C019199 targets:



Source: Journal for ImmunoTherapy of Cancer, Biomedicines, Journal of Nanobiotechnology, CIC

Note: CSF-1: Colony stimulating factor 1; CSF-1R: Colony stimulating factor 1 receptor; PD-1: Programmed death protein 1; PD-(L)1: Programmed cell death-ligand 1; MHC: Major histocompatibility complex; VEGF: Vascular endothelial growth factor; VEGFR2: Vascular endothelial growth factor receptor 2; DDR1: Discoidin domain receptor tyrosine kinase 1; TCR: T-cell receptor; DC: Dendritic cell; MDSC: Myeloid-derived suppressor cell; TAM: Tumor-associated macrophage; EC: Endothelial cell; Treg: Regulatory T Cell; NK: Natural killer cell.

Market Opportunity and Competition

According to CIC, oncology was the largest therapeutic area in terms of sales revenue in not only China but also the world in 2023, accounting for 12.6% and 14.2% of the Chinese and global pharmaceutical market, respectively. In terms of sales revenue, the Chinese oncology pharmaceutical market grew at a CAGR of 11.0% from RMB143.3 billion in 2018 to RMB267.6 billion in 2024, and is projected to grow at a CAGR of 15.5% to RMB850.3 billion in 2032; the global oncology pharmaceutical market grew at a CAGR of 12.5% from US$129.0 billion in 2018 to US$262.1 billion in 2024, and is projected to grow at a CAGR of 8.9% to US$519.6 billion in 2032. The unmet medical needs, increase in patients' affordability and willingness to pay for treatment, and favorable government policies will continue to drive the rapid growth of the oncology pharmaceutical market.

We are actively pursuing a comprehensive clinical development plan to unlock the full potential of C019199 with a focus on solid tumors, including, among others, osteosarcoma, breast cancer, colorectal cancer, pancreatic cancer and TGCT.

Osteosarcoma. In terms of sales revenue, the market size of pharmaceuticals for osteosarcoma remained relatively stable between 2018 and 2024, primarily due to the lack of effective treatments specifically targeting osteosarcoma. However, with an increasing number of clinical trials in progress, several drug candidates have emerged, demonstrating significant clinical potential. These new therapies are expected to receive marketing approval between 2025 and 2030, which is likely to lead to substantial market growth. According to CIC, in terms of sales revenue, the Chinese osteosarcoma drugs market is projected to grow at a CAGR of 3.4% from RMB185.4 million in 2024 to RMB241.8 million in 2032, and the global osteosarcoma drugs market is projected to grow at a CAGR of 4.6% from US$158.4 million in 2024 to US$226.2 million in 2032.

Breast cancer. According to CIC, breast cancer is the most commonly diagnosed malignant tumor among women, the second most commonly diagnosed cancer and the first cause of death from malignant tumors in the world. According to CIC, in terms of sales revenue, the Chinese breast cancer drugs market grew at a CAGR of 7.1% from RMB34.7 billion in 2018 to RMB52.3 billion in 2024, and is projected to grow at a CAGR of 5.5% to RMB80.3 billion in 2032; the global breast cancer drugs market grew at a CAGR of 15.4% from US$24.2 billion in 2018 to US$57.2 billion in 2024, and is projected to grow at a CAGR of 5.6% to US$88.6 billion in 2032. HER2- breast cancer is the most common subtype of breast cancer, accounting for approximately 80% of the total global breast cancer population in 2022. TNBC is the most malignant subtype of breast cancer with a poor prognosis.

Colorectal cancer. According to CIC, colorectal cancer is the third most commonly diagnosed and the second most deadly cancer in the world. In 2020, colorectal cancer accounted for approximately 10.0% of the cancer incidents and approximately 9.4% of deaths due to cancer globally. According to CIC, in terms of sales revenue, the Chinese colorectal cancer drugs market grew at a CAGR of 6.9% from RMB21.2 billion in 2018 to RMB31.8 billion in 2024, and is projected to growth at a CAGR of 4.8% to RMB46.3 billion in 2032; the global colorectal cancer drugs market grew at a CAGR of 5.3% from US$10.5 billion in 2018 to US$14.3 billion in 2024, and is projected to grow at a CAGR of 1.7% to US$16.4 billion in 2032.

Pancreatic cancer. According to CIC, pancreatic cancer is mostly diagnosed in advanced stage, and 80-90% of the patients have unresectable tumors when diagnosed, which provides a broad development prospect for efficacious treatments. According to CIC, in terms of sales revenue, the Chinese pancreatic cancer drugs market grew at a CAGR of 9.7% from RMB1.3 billion in 2018 to RMB2.3 billion in 2024, and is projected to grow at a CAGR of 9.8% to RMB4.8 billion in 2032; the global pancreatic cancer drugs market grew at a CAGR of 7.9% from US$2.0 billion in 2018 to US$3.1 billion in 2024, and is projected to grow at a CAGR of 6.5% to US$5.2 billion in 2032.

TGCT. In terms of sales revenue, the market size of pharmaceuticals for TGCT in China remained relatively stable between 2018 and 2024, primarily because chemotherapy was the only highly effective treatment available. However, a growing number of drug candidates have shown significant clinical potential. These new therapies are expected to receive marketing approval by 2025, which is likely to lead to rapid and substantial market growth. According to CIC, in terms of sales revenue, the Chinese TGCT drugs market is projected to grow at a CAGR of 33.1% from RMB156.9 million in 2024 to RMB1,542.7 million in 2032, and the global TGCT drugs market is projected to grow at a CAGR of 9.4% from US$784.8 million in 2024 to US$1,613.7 million in 2032.

Clinical Development Plan

We initiated the development of C019199 in 2015. In July 2020, we received IND approval from the NMPA for the clinical trials of C019199 for treating locally advanced or metastatic solid tumors in China. We completed the Phase Ia dose escalation study in June 2022. We commenced the Phase Ib/II trial for TGCT and osteosarcoma in June 2022 and October 2023 respectively and expect to advance into Phase III registrational trials for osteosarcoma in China in second half of 2025.

In April 2023, we received IND approval from the NMPA for the clinical trials of C019199 in combination with anti-PD-1 mAbs for the treatment of advanced malignant solid tumors in China. We completed the Phase I trial in December 2023. We commenced the Phase II trial for various solid tumors in January 2024 and expect to advance into Phase III registrational trials in China in 2H 2025.

In 2025, we also plan to initiate Phases I/II clinical trials for osteosarcoma and combination therapy with anti-PD-1 mAbs in the U.S. after we obtain FDA approval.

The table below sets forth details of C019199's clinical development plan:

Mono/ Combo-therapy	Trial Phase	Indication	Region	Trial Status	Expected Trial Start/Completed Date
Mono	Ia	Locally advanced or metastatic solid tumors	China	Completed	March 2021
	Ib/II	TGCT		Ongoing	June 2022
		Osteosarcoma		Ongoing	October 2023
	III	Osteosarcoma		Planned	2H 2025
	I/II	Osteosarcoma	United States	Planned	2H 2025
Combo	I	Advanced malignant solid tumors	China	Completed	July 2023
	II			Ongoing	January 2024
	III	TNBC		Planned	1H 2026
	I/II	TNBC	United States	Planned	2H 2025

Summary of Clinical Trial Data

1. C019199 Phase I Clinical Trial (CTR20202045)

This is a multicenter, open-label, dose-escalation Phase I clinical study evaluating the safety, tolerability, pharmacokinetics (PK) characteristics, and anti-tumor activity of oral C019199 tablets in patients with locally advanced or metastatic solid tumors in China. The trial consists of two parts: Phase Ia dose escalation study and Phase Ib expansion study.

Trial Progress. Phase Ia trial was completed in June 2022. Phase Ib trial is currently ongoing.

- Phase Ia dose escalation study:

Trial Design. The primary purpose of the Phase Ia dose escalation study is to determine the MTD of C019199 in patients with locally advanced or metastatic solid tumors, the recommended Phase II dose (RP2D), dose-limiting toxicities (DLT), and safety. The secondary purpose is to investigate the PK profile of single and multiple oral doses of C019199 tablets in patients with locally advanced or metastatic solid tumors, while also preliminarily observing the anti-tumor activity of C019199 tablets in these patients.

A total of 29 subjects were enrolled. They all received the medication and were included in the safety analysis set. Among them, 25 subjects were included in the DLT assessment analysis set, and 4 subjects were excluded from the DLT assessment analysis set.

Safety Results. C019199 has a favorable safety and tolerability profile across the dosage range of 50mg to 600mg QD (once daily). The majority of treatment-related adverse events (trAEs) were grade 1-2, being manageable and reversible. trAEs were primarily observed in the BID (twice daily) dosing group. Only six subjects withdrew from the trial due to AEs, which mainly occurred in the BID group. A total of two instances of DLT occurred in the 300mg BID dosing group. Compared to the BID dosing regimen at comparable doses, the QD dosing demonstrated fewer side effects, making it the recommended dosing method for the expansion study.

Efficacy Results: Preliminary efficacy of C019199 was observed in advanced malignant solid tumors, with a notably higher response rate in patients with colorectal cancer compared to other tumor types. In the QD dosing group, the average median PFS was 112 days, while in the BID dosing group, the average median PFS was 37 days, indicating that the QD group had a longer average PFS compared to the BID group.

- Phase Ib expansion study:

Trial Design. The primary objective is to observe the anti-tumor activity and safety of C019199 tablets in patients with locally advanced or metastatic solid tumors. The secondary objective is to investigate the PK profile of C019199 tablets in patients with locally advanced or metastatic solid tumors.

Osteosarcoma

Over 40 subjects with osteosarcoma were enrolled, of which 30 subjects have been included in the statistical analysis as of the Latest Practicable Date.

Safety results. C019199 has a favorable safety and tolerability profile with a dosage of 200mg QD (once daily). The majority of AE were grade 1-2, and the incidence of trAEs at grade 3 or above is less than 25% (i.e., 23.3%).

Efficacy results. C019199 has achieved a median PFS of over six months, which is significantly longer than the PFS of typical chemotherapy, being two to three months. The DCR is 73.3%.

TGCT

As of the Latest Practicable Date, we have enrolled 31 subjects with TGCT.

Safety results. C019199 has a tolerable safety profile, and the majority of AE were grade 1-2.

Efficacy results. Tumor shrinkage were observed in more than 95% of the TGCT subjects.

2. Phase I/II Clinical Trials for C019199 in combination with anti-PD-1 mAbs (CTR20231960)

This is a multicenter, open-label and single-arm Phase I/II clinical study of C019199 in combination with anti-PD-1 mAbs for the safety, tolerability and preliminary efficacy in patients with advanced malignant solid tumors. The trial consists of two parts: Phase I does escalation study and Phase II trial. A total of 10 patients with advanced solid tumors were enrolled in Phase I trial. As of the Latest Practicable Date, over 100 patients were enrolled in Phase II trial.

Trial Progress. Phase I trial was completed in December 2023. Phase II trial is currently ongoing.

Trial Design. The Phase I dose escalation study is a multicenter, open-label study utilizing a traditional 3+3 design for dose escalation. The Phase II trial plans to enroll approximately 140 patients with solid tumors (approximately 40 patients with colorectal cancer, and approximately 20 patients each with TNBC, pancreatic cancer, gastric cancer, esophageal squamous cell carcinoma, and head and neck squamous cell carcinoma).

The primary objective of the Phase I trial is to assess the safety and tolerability of C019199 in combination with anti-PD-1 mAbs in treating patients with solid tumors, and determine the MTD and/or the RP2D. The primary purpose of the Phase II trial is to evaluate the objective response rate (ORR) and PFS of C019199 in combination with anti-PD-1 mAbs in patients with solid tumors.

The secondary objective of the Phase I trial is to evaluate the PK profile of C019199 in combination with anti-PD-1 mAbs in patients with solid tumors, assess the preliminary efficacy of C019199 in combination with anti-PD-1 mAbs in treating solid tumors, focusing on the ORR, duration of response (DOR), PFS, overall survival (OS), and DCR. The secondary objective of the Phase II trial is to evaluate the safety of C019199 in combination with anti-PD-1 mAbs, assess the efficacy of C019199 in combination with anti-PD-1 mAbs in treating patients with solid tumors, focusing on the DOR, OS, and DCR.

Safety results. In Phase I trial, C019199 has a favorable safety and tolerability profile with a dosage range of 100 mg to 300 mg QD, and an anti-PD-1 mAb dosage of 200 mg every three weeks. The majority of AE were grade 1-2.

Efficacy results. According to preliminary clinical data from Phase II trial, C019199 combined with anti-PD-1 mAbs has an therapeutic effect on a variety of advanced malignant solid tumors, especially TNBC. All of the TNBC patients experienced tumor shrinkage, with two achieving PR and two others nearing PR, resulting in a DCR of 100%. For both colorectal and pancreatic cancer patients, a significant portion experienced tumor growth control or even tumor shrinkage.

3. PK Study on C019199 in Healthy Subjects (CTR20223103)

This is a single-center, randomized, open-label and cross-over trial investigating the PK profile of C019199 in health subjects. It was completed in January 2023.

Trial Design. The primary objective is to determine the effect of food intake on the PK profile of C019199 in healthy subjects and to observe its dosage proportionality under single dosing at various doses in healthy subjects. The secondary objective is to observe the PK profile and safety of C019199 in healthy subjects.

A total of 23 healthy subjects were enrolled, including 14 in the food effect study and nine in the dose proportionality study.

Results. The results of the food effect study indicated that there was a statistically significant difference in Tmax between the fed and fasting groups and no statistically significant differences in Cmax and AUC. There was minimal individual variation for subjects taking the drug after meals and it is clinically recommended to administer the drug after meals. The results of the dosage proportionality study indicated that the PK parameters of C019199 within the dosage range of 100mg to 400mg demonstrated a linear PK trend.

Preclinical Development

Pre-clinical Pharmacology

In vitro cell assays show that C019199 can inhibit the growth of various tumor cells, including A498, HCC827, HT-20, OVCAR-3, and SGC7901. It also exhibited significant inhibitory effects on m-CSF-dependent cells, such as M-NFS-60 and BMDM. These results further exhibit that C019199 is an effective CSF-1R inhibitor.

In vivo pharmacodynamics (PD) studies show that C019199, at a dose of 120 mg/kg, produced statistically significant anti-tumor effects in both mouse-derived breast cancer 4T1 and B lymphocyte tumor A20 xenograft models (T/C (%) <40%, $P < 0.001$). At doses of 30 mg/kg and 90 mg/kg, C019199 also demonstrated significant anti-tumor activity in the B16-F10 mouse-derived melanoma model (T/C (%) of 11.31% and 33.34%, $p < 0.001$, $p < 0.01$). In the MC38 mouse-derived colon cancer model, both initial and repeated experiments at doses of 60 mg/kg and 120 mg/kg showed statistically significant and highly significant anti-tumor effects (T/C (%) <40%, $P < 0.001$). Additionally, in all tumor models, C019199 combined with anti-PD-1 mAbs demonstrated enhanced efficacy. Concurrent PK/PD studies revealed that C019199 significantly upregulated the expression levels of M-CSF in both the tumors and plasma in the MC38 model.

Based on pre-clinical PD study results, C019199 can significantly inhibit CSF-1R activity and upregulate M-CSF levels in tumor tissues and plasma. *In vitro*, C019199 shows growth inhibition across various human tumor cell lines, while *in vivo*, it demonstrates significant anti-tumor activity in mouse xenograft models of colon cancer, breast cancer, B-cell lymphoma, and melanoma. Therefore, C019199 has shown significant anti-tumor activity.

In safety pharmacology studies conducted in rats and dogs, C019199 showed no significant effects on the cardiovascular, nervous and respiratory systems. The inhibition of the hERG channel was concentration-dependent, with an IC50 value of 4.43 μM (the concentration at which a drug induces apoptosis in 50% of cells, known as the 50% inhibitory concentration, corresponding to the concentration at which the ratio of apoptotic cells to total cells equals 50%).

The PD studies suggest that C019199 has a good safety profile, a wide therapeutic window, and significant potential for combination therapy.

Pre-clinical Pharmacokinetics

The pre-clinical pharmacokinetics (PK) study of C019199 includes PK, protein binding, tissue distribution, drug excretion and drug-drug interactions. Additionally, its metabolic stability, *in vivo* and *in vitro* metabolites, and permeability were also studied. SD rats and Beagle dogs were selected as the rodent species and non-rodent species.

After intravenous administration and single or repeated oral dosing of C019199 in SD rats and Beagle dogs, there were statistically significant differences in the exposure levels and Cmax between male and female SD rats, indicating gender differences in C019199's PK profile in SD rats. However, no statistically significant differences in exposure levels or Cmax were observed between male and female Beagle dogs, suggesting no gender differences in C019199's PK profile in Beagle dogs.

The protein binding rate of C019199 in the plasma of different species (ICR mice, SD rats, Beagle dogs and cynomolgus monkeys) shows no significant concentration dependence or species differences. After administration, C019199 rapidly distributes to most tissues, mainly accumulating in the gastrointestinal tract, liver and kidneys. After 168 hours of administration, only a small amount of radioactivity was detected in the intestinal wall, spleen, liver and kidneys, with no detectable radioactivity in other tissues. C019199 shows slight metabolism in rat plasma, while it remains relatively stable in other species. It demonstrates a high protein binding rate and good stability in plasma, but undergoes rapid metabolism in liver microsomes.

After a single oral dose of C019199 in SD rats, the total radioactivity recovery over 0h-168h was more than 95% of the administered dose. The majority of the total radioactivity was excreted via urine, with a portion excreted through feces. The excretion of total radioactivity primarily occurred within the first 48 hours. After a single oral dose in both male and female bile duct-cannulated (BDC) SD rats, the total radioactivity excretion in bile from 0h-72h accounted for around 16% of the administered dose, indicating that a portion of C019199 is excreted in bile following absorption. Based on the total radioactivity recovered from bile and urine in BDC rats, the oral absorption rate of C019199 in male and female SD rats is estimated to be at least 65%.

In human liver microsomal enzyme inhibition assays, C019199 showed strong inhibition of CYP2C9, moderate inhibition of CYP1A2, CYP2B6, CYP2C8, CYP2C19, and CYP2D6, and no inhibition of CYP3A4, but does not induce CYP1A2, CYP2B6, or CYP3A4 at concentrations of 0.102 and 1.02 μM.

In *in vitro* enzyme phenotyping studies, both chemical inhibition and recombinant enzyme methods showed that C019199 is primarily metabolized by CYP3A4.

Pre-clinical Toxicology

C019199 has been investigated in orally-administered single and repeat dose toxicity studies in SD rats and Beagle dogs. The duration of repeated dosing was 28 days. Toxicokinetic analysis was conducted simultaneously. Both *in vitro* and *in vivo* genotoxicity studies were performed.

C019199 demonstrates good acute tolerability, with the MTD in both SD rats and Beagle dogs being ≥1000 mg/kg. In terms of chronic toxicity, the high-dose groups exhibited reversible lesions, such as reduced bone marrow in the sternum and decreased pancreatic secretion. In addition, no significant accumulation effects were noted. No evidence of genotoxicity was found. The pre-clinical toxicology study suggests that C019199 has specific toxicity target organs and dose-dependent effects, and it exhibits a certain degree of safety within controllable dose ranges.

Material Communications with Competent Authorities

In July 2020, we received IND approval from the NMPA for the clinical trials of C019199 for the treatment of locally advanced or metastatic solid tumors in China.

In April 2023, we received IND approval from the NMPA for the clinical trials of C019199 in combination with anti-PD-1 mAbs for the treatment of advanced malignant solid tumors in China.

As of the Latest Practicable Date, we had not received any major concerns or objections from the NMPA with respect to the clinical development plans for C019199. We will continue to maintain close communications with competent authorities at key milestones of C019199's clinical development.

C019199 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

HXP056

HXP056 is an innovative drug candidate and is the potential first oral drug therapy designed for the treatment of ocular fundus diseases such as wet age-related macular degeneration (wAMD), diabetic macular edema (DME) and retinal vein occlusion (RVO). It is a novel molecule invented internally and designed as an oral formulation, addressing a significant shortcoming in current therapies that require doctors' visits for vitreous injections which could cause unintended side effects and discomfort for patients, leading to frequent patient non-compliance and resulting in inferior treatment outcome. We believe that the oral formulation will alleviate the unintended side effects and discomfort associated with injections and enhance patient compliance, leading to better treatment options for patients with wAMD/DME/RVO. According to CIC, there is currently no approved wAMD drug therapy worldwide that utilize an oral formulation, and HXP056 has the potential to become the first oral drug therapy in this area, improving from the cumbersome administration of current vitreous injections. In addition, we believe that the innovative multi-targeted mechanism of HXP056 may enable it to further improve the treatment efficacy for patients.

Mechanism of Action

AMD is the most common macular degenerative disease, classified into dry AMD (dAMD) and wet AMD (wAMD). Dry AMD, which accounts for approximately 90% of all AMD cases, is less severe, with only 10% of cases progressing to blindness. Wet AMD, representing about 10% of cases, is more aggressive and, if left untreated, can lead to rapid and severe visual impairment or legal blindness. Among patients with severe vision loss due to AMD, 80% to 90% are attributed to wAMD.

Currently, the primary treatment options for wAMD in China include intravitreal injections such as ranibizumab, aflibercept, faricimab, and conbercept. However, these monoclonal antibody injections not only impose psychological burden on patients but are also costly. Moreover, some patients do not experience substantial visual improvement, and a subset may exhibit vision decline after 12 months of treatment. There is an urgent need to develop a novel oral drug with greater efficacy. HXP056 is an orally administered small-molecule kinase inhibitor that treats wAMD by inhibiting retinal neovascularization, reducing inflammation, and mitigating pathological changes such as subretinal fibrosis. It holds promise as a potentially more effective and convenient treatment for wAMD.

Summary of Clinical Trial — HXP056 Phase I Clinical Trial

This is a multicenter study to evaluate the safety, tolerability, pharmacokinetics, and preliminary efficacy of single and multiple oral doses of HXP056 in Chinese patients with wAMD. The study consists of Phase I dose-escalation clinical trial and will be followed by a Phase II clinical trial.

Trial Progress. The Phase I clinical trial has commenced in June 2025, and we are actively recruiting patients at the current stage. It is expected to be completed by the end of 2025.

Trial Design. Participants will receive single or multiple oral doses of HXP056 tablets under fasting conditions. Single-dose administration will be followed by a 3-day safety observation period (to be adjusted based on PK results), while multiple-dose administration will be administered once daily. The Phase I dose-escalation study plans to enroll approximately 18 subjects.

As of the Latest Practicable Date, there was no interim result to conduct the analysis.

Material Communications with Competent Authorities

For HXP056, the IND application of wAMD has been submitted to the NMPA in January 2025, and we have received the IND approval from the NMPA in April 2025.

As of the Latest Practicable Date, we had not received any major concerns or objections from the NMPA with respect to the clinical development plans for HXP056. We will continue to maintain close communications with competent authorities at key milestones of HXP056's clinical development.

HXP056 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

Other Innovative Drug Candidates

As of the Latest Practicable Date, our pipeline of innovative drug candidates under preclinical studies included:

- HXP089, an innovative drug candidate that is designed for the treatment of glioma, a type of malignant brain tumor, for which we expect to submit IND application to the NMPA in the second quarter of 2026; and

- HXP090, an innovative drug candidate designed for the treatment of IPF, a chronic and progressive respiratory disease, for which we expect to submit IND application to the NMPA in 2027.

RESEARCH AND DEVELOPMENT

We believe that R&D is key to driving our therapeutics strategy and maintaining our competitiveness in the pharmaceutical industry. We are dedicated to expanding our pipeline of both generic and innovative drug candidates by leveraging our leading in-house R&D capabilities and engaging CROs in China from time to time to support our pre-clinical studies and clinical trials. In 2022, 2023, 2024 and the five months ended May 31, 2025, our R&D related expenses amounted to RMB34.8 million, RMB36.1 million, RMB67.5 million and RMB22.5 million, respectively.

In-house R&D Team

Headed by Dr. Kang Xinshan, our general manager, Ms. Feng Yan, our deputy general manager and Dr. Chen Guangming, our chief scientific officer, our R&D team covers the end-to-end full cycle of pharmaceutical R&D, including medicinal chemistry, formulation, preclinical research, quality control, quality assurance, clinical operation and regulatory affairs. The integration of these capabilities creates strong synergy that supports our continuous growth. As of the Latest Practicable Date, our R&D team consisted of 112 researchers that possess both international perspectives and local pharmaceutical experience.

The following table sets forth the composition of our R&D team as of the Latest Practicable Date.

R&D Team	**Number**	**% of Total**
Quality control	21	18.7
Quality assurance	36	32.1
Medicinal chemistry	15	13.4
Preclinical research	16	14.3
Clinical operation	12	10.7
Formulation	7	6.3
Regulatory affairs	5	4.5
Total	**112**	**100.0**

Research and Development Process

R&D Process for Generic Drugs

We primarily focus on generic drugs the originators of which have already been introduced and accepted in the Chinese pharmaceutical market with (i) few competitors that have passed the consistency evaluation; (ii) certain technical threshold; and (iii) proven efficacy and safety profiles. The initiation of generic drug projects is typically handled by our regulatory affairs department, which conducts market research and submits a project initiation report to the Generic Drug Management Committee (GDMC) for discussion. The approved generic drug project will be officially initiated.

After project initiation, we appoint a project leader and establish a project team to carry out R&D, which is generally divided into two phases: the small-scale phase and the scale-up phase. During the small-scale phase, the project leader is responsible for leading the development of a research and development plan, and coordinating on the procurement of necessary active pharmaceutical ingredients, excipients, RLDs, standard substances, etc. Our formulation development center is responsible for conducting small-scale formulation process research, and our quality control center focuses on developing analytical methods, conducting quality studies, and drafting drug standards.

In this phase, project meetings are typically held monthly, during which the project team reports R&D progress to the GDMC and addresses issues encountered. Upon completing the small-scale phase, the project team prepares a small-scale summary report, and the GDMC organizes a small-scale phase defense meeting based on such summary report.

Upon passing the small-scale phase defense monitored by the GDMC, the project moves into the scale-up phase. In this phase, the project team procures relevant materials and proceeds to the production facility to further optimize process parameters for formulation production to ensure the robustness of the production procedures and the quality of the drug products. Concurrently, our quality control center would collaborate with the quality control department of the production facility for technology transfer and analytical methods transfer, conducting further quality studies on samples from the scaled-up production.

The next phase is production process validation. Led by the production facility's quality assurance department, this phase begins when the materials from the scale-up phase pass the inspection. A process validation protocol is drafted and approved, and upon which, three batches of drug products would be manufactured consecutively. We ensure full analysis is conducted on sample products to validate the stability of the process and the quality of the products. This ends when a process validation report is issued.

After scale-up and process validation, we will file for and conduct the BE study. One of the batches manufactured during the process validation would be selected for BE testing against the RLD, to demonstrate the bioequivalence of the generic drug to the RLD. Once the BE study is successfully completed, we submit an ANDA to the CDE. During this process, our regulatory affairs department coordinates with various departments to prepare the submission dossiers and is responsible for filing the application.

Once the ANDA is accepted, our regulatory affairs department liaises with the regulatory review authorities, responds to questions during the review process, and submits the necessary documents until the product is approved for marketing.

R&D Process for Innovative Drugs

For innovative drugs, we prioritize differentiated targets with therapeutic potential. The initiation of innovative drug projects is typically handled by our medicinal chemistry department or our preclinical research department, which conducts preliminary research on the targets' mechanism of action, relevant clinical trial information (if any) and competitive landscape. After completing the preliminary research, a report is submitted to the Innovative Drug Management Committee (IDMC). The approved innovative drug project will be officially initiated.

After project initiation, we appoint a project leader and form a project team to carry out R&D. Similar to generic drug projects, regular team meetings are held to report on project progress.

When the project team evaluates and recommends the pre-clinical candidate compound (PCC), the IDMC will organize a review meeting. Upon passing the review, the PCC is officially nominated. Subsequently, formal pre-clinical pharmacology, efficacy, toxicology and safety evaluation studies are conducted. During this process, the regulatory affairs department coordinates with other relevant departments to prepare the submission dossiers. After completing these IND enabling studies, if the results meet our criteria, the regulatory affairs department submits a pre-IND meeting application, or directly files an IND application, to the NMPA.

If the innovative drug candidate receives clinical trial approval, our clinical operation department is responsible for initiating and conducting the clinical trials.

Data Protection in R&D Process

We recognise the importance of data protection in our business operation and in particular the R&D process. We have implemented several relevant internal policies, including information security policy, which specifies our access control management measures for network security and server room operations; and confidential document management policy, which establishes protocols for storage, access authorization, transmission method and secure disposal processes of confidential documents. In addition, our employee handbook explicitly mandates confidentiality obligations on sensitive information such as R&D data relating to our products, financial data, and other data stored in our database.

During the Track Record Period, we may collect, process, or transfer scientific data (including clinical trial data) within the PRC in our R&D process. In the course of clinical research data management, we strictly comply with, and require third-party agencies we engage such as CROs, to comply with applicable laws and regulations regarding personal information protection, as well as good clinical practice (GCP) guidelines to ensure compliance in the data handling process. When conducting clinical trials, we follow the principle of data minimization, and collect only essential information. We do not collect personal information of our trial participants, because de-identification processes are implemented to protect the privacy of the participants. In terms of data collection, which is conducted through clinical trial centers and our CROs, the data generated from clinical trials are coded and electronic systems (such as electronic Case Report Form (eCRF) or electronic data capture (EDC)) are adopted to separate identity information from the relevant clinical data. The clinical data is subsequently managed by trained staff following standardized process that includes data cleaning, data verification, access controls and audit trail, to further ensure data security. Encryption technologies are adopted when it involves data storage or transmission.

We are not currently engaged in any cross-border data transfer activities. For future IND submission to the FDA, we plan to engage professional consultants to conduct pre-transfer compliance assessments and implement necessary protocols for data processing to meet all applicable data compliance requirements, should cross-border data transfer become necessary in the future.

In addition, all of our employees are required to enter into confidentiality clauses with us. We strictly prohibit any unauthorized access to our data through circumvention of established access control hierarchies. Upon termination or expiration of the employment contracts, the employees shall immediately return to us all materials related to our trade secrets, and they are prohibited from the personal use of such trade secrets and instructing or permitting third parties to use such information through any means. We also regulatory monitor the conduct of our CROs and research partners to safeguard data integrity and confidentiality. As advised by our PRC legal advisors, we had been in compliance with all applicable PRC laws and regulations in all material aspects relating to data privacy and data management during the Track Record Period and up to the Latest Practicable Date.

Collaboration with CROs

To efficiently and effectively achieve our R&D goals, we work with industry-leading CROs to manage, conduct and support our preclinical research and clinical trials, which is in line with industry practice according to CIC. We select CROs based on various factors, such as their professional qualifications, research capabilities, therapeutic area experience, industry reputation, project specialty, track record and data management system. In addition, we consider their ability to facilitate site selection, timely recruit patients and conduct complex clinical trials efficiently with high quality. We typically enter into a general service agreement with a CRO for pre-clinical study and clinical trial management services under which we execute separate work orders for each development project. We closely supervise these CROs to ensure their performance in a manner that complies with our protocols and applicable laws and regulations, which in turn protects the integrity and authenticity of the data from our trials and studies. We believe our collaboration with CROs enables us to shorten the time required for drug development by generating the requisite data reliably and efficiently.

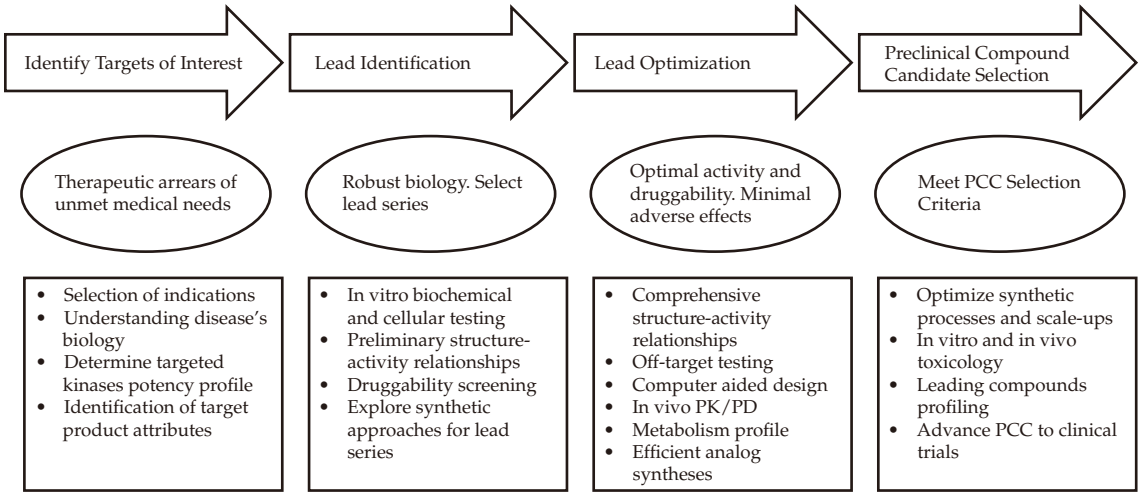
R&D Platforms

Multi-target innovative drug development platform

Based on our profound knowledge on structure-activity relationship of our specialized collection of compound library, we have developed a unique preclinical R&D roadmap and built a multi-target innovative drug development platform to facilitate the screening, discovery and optimization of compound candidates, which enable us to extend our pipeline to cover a variety of therapeutic areas, improve the success rate of drug development and enhance our drugs' clinical applicability.

According to modern medical research, the essence of cellular carcinogenesis is the dysregulation of cell signal transduction pathways, resulting in unlimited cell proliferation. This has shifted the focus of the latest R&D of oncology drugs to the abnormal signaling pathways within tumor cells. In cell signal transduction pathways, protein tyrosine kinases play a crucial role as they regulate a series of physiological and biochemical processes such as the growth, differentiation and death of cells. These functions of protein tyrosine kinases make them closely related to the occurrence and development of tumors, with more than 50% of proto-oncogenes and oncogene products being protein tyrosine kinases. Additionally, abnormal expression of protein tyrosine kinases is closely associated with tumor invasion, metastasis, tumor angiogenesis and chemotherapy resistance. Kinases also play important role in various signaling pathways related to inflammation, that in many cases, associated with disorders in ocular, respiratory and central nervous systems, to name a few. Therefore, modulating kinases activities have found applications in many therapeutic areas.

Based on years of studies on protein tyrosine kinases, our innovative drug candidates could target multiple kinases as monotherapy and modulate their relative activities to meet the needs of therapeutic areas of interest. The diagram below sets forth the preclinical R&D roadmap of our multi-target innovative drug development platform:



Our drug discovery project selections are focused on the therapeutic areas with unmet medical needs. First, we identify those indications based on our understandings on the underlying disease mechanisms, in which kinases may play critical roles. We then select the target kinases and identify their relative activity profiles needed for the potential treatments. With robust biochemical and cellular assays, our in-house biology team could screen commercial and in house compound library to identify and select lead compound series for optimization.

Leads compounds could then be optimized by medicinal chemistry team utilizing our rich experiences in kinase SAR studies. Widely available kinase protein structural information could also guide us for computer aided design. At the same time, active compounds could also be optimized to have suitable pharmaceutical properties and ensure advanced compounds possessing adequate exposures in animals. Due to the facts that most disorders happen in certain tissues or organs, we dedicate great efforts in optimizing compounds to demonstrate sufficient exposures in tissues or organs of interest but not systemically or in unaffected parts. In doing so, we could anticipate a better safety and efficacy profile in future applications.

Compounds passed off-target screens and various in vitro/in vivo toxicology studies could be selected for IND enabling studies. Those meeting our preclinical candidate (PCC) criteria could then be nominated as PCCs and advance into clinical trials.

With our multi-target innovative drug development platform, we have developed four innovative drug candidates that can target selective multiple kinases and modulate their relative activities to treat a variety of disorders.

Generic drug development platform

We focus on developing generic drugs that could obtain regulatory approvals in a timely manner and comply with all quality requirements, with technical barriers and substantial market potential that have yet to be selected in national VBP schemes. The underlying platform that we use in our development of generic drugs is our generic drug development platform, which is primarily based on our reverse engineering of RLD and know-how of in vitro-in vivo correlation (IVIVC).

The costs and the time-to-market are vital for successful generic drug development. A reliable reverse engineering study of the RLD can improve the success rate in achieving in vitro dissolution curves and in vivo bioequivalence that are consistent with the RLD, shorten the product development cycle and reduce development costs. By utilizing our reverse engineering technology and our know-how of IVIVC, we have developed technologies with respect to (i) the development of high-variability drugs; (ii) the formulation development of fixed-dose combination drugs; (iii) the study of sustained- and controlled-release drugs; and (iv) the study of insoluble drugs. As of the Latest Practicable Date, these technologies had enabled most of our generic drugs to regarded as passing the consistency evaluation and obtain marketing approvals, laying a solid foundation for us to rapidly establish and consolidate our market position.

R&D Collaboration Arrangements

In addition to our in-house R&D efforts, we, from time to time, also entered into collaborative generic drug R&D arrangements with our partners during the Track Record Period. Our collaborative R&D partners are mostly pharmaceutical companies, typically with a substantial presence either nationally or regionally. For our typical collaboration arrangements, (i) we are the MAH and lead the overall R&D, whereas our partners provide assistance in the process; and (ii) we share the profits derived from the sale of the drug with our partners after it is approved for marketing. The MAH status is a critical

asset that complements our IP portfolio and intrinsically linked to the IP rights arising from the relevant collaborative R&D agreements, as the MAH exclusively holds the drug certificate which cannot be shared among the parties, and the MAH status indicates the party which is in charge of the commercialization upon the launch of the drug products. Some agreements are silent on the ownership of other IP rights, and those explicitly addressing the IP ownership may specify that such IP rights belong to us or are shared among the parties. In either case, the other IP rights are considered as less important than the MAH status from a commercial perspective. In the course of our cooperation with the R&D partners, both parties have full access to R&D data and results solely for project execution. However, we as the MAH, are the only party which has the contractual right to use data for regulatory filings, which is consistent with the standard industry practice for MAH-led generic drug development in China according to CIC, and we are the only party which retains exclusive ownership and control over all core pharmaceutical technology data, including formulation development, manufacturing processes, and analytical methodologies, and the related intellectual properties. Certain collaborative R&D agreements include provisions that expressly stipulate that the projects are conducted on an exclusive basis, and neither party may engage with third parties for repeat development of the same project without mutual written consent. In addition, some collaborative R&D agreements would explicitly prohibit unauthorized use of data for drug registration application for marketing approvals, and any disclosure of such information to third parties.

The R&D collaboration agreements typically remain in full force indefinitely, with certain agreements expressly stipulating perpetual effectiveness unless terminated according to prescribed conditions, including (i) our R&D collaboration partner's failure to make payments to us based on relevant terms, in which case we can terminate the agreement with the partner forfeiting all its rights, or (ii) the occurrence of unforeseeable *force majeure* events (e.g., natural disasters, war, or regulatory developments) rendering the agreement unperformable, whereupon each party shall bear its own losses if any. Even for agreements without explicit duration clauses, it is mutually understood that they shall continue to govern the parties' rights and obligations absent a termination event. We sometimes enter into supplemental agreements with our partners to replace certain commercial terms in the previous master agreements, but both parties are expected to continue their rights and obligations under the agreements if no termination event exists.

Under type I collaborative R&D agreements, we receive advance payments from our partners. We enter into type I collaborative R&D agreements before the drug registration application for the relevant drug product is submitted. The salient terms of the type I agreements are set forth below:

- *Our obligations.* We normally lead the R&D work and take charge in drug registration application for marketing approval.

- *Our partner's obligations.* If the agreements are entered into at the earlier stage of drug development, our partners are responsible for assisting us in reviewing the trial plans and summaries prepared by us, and conducting audit on suppliers of manufacturing facilities, excipients and packaging materials. Their typical responsibilities also include procuring most of the materials needed for the studies, and executing formal BE studies. When the agreements are entered into at later stage when the R&D of the relevant drug is substantially completed, our partners shall assist us in facilitating the process of the drug registration application and obtaining the approval as soon as possible. Throughout the R&D process of the drug products, our partners share the costs and expenses with us.

- *Ownership of rights.* We are the MAH for the generic drugs developed under the collaboration arrangements.

- *Payment schedule.* Our partners make advance payment to us upon milestone events. Some agreements focus merely on these major R&D and registration milestones, such as the successful completion of BE studies, the receipt of registration application package, as well as obtaining the drug registration approval reflecting a straightforward approach to funding. This method ensures that significant achievements in the drug development process are financially supported. Other agreements provide a more detailed and phased approach, with advance payments distributed across various stages of the R&D process. This ensures continuous funding throughout the development process, which we believe can help maintain steady financial support and mitigate risks associated with funding gaps. The approaches are both designed to ensure that the necessary funding is available at critical points to support the successful development and commercialization of the drug products.

- *Sales and distribution of profits.* We share the annual sales profit of such products with our partners according to the agreed-upon ratios.

- *Termination.* The collaborative R&D agreements may be terminated by both parties upon mutual consent, or by a party upon the other party's material breach of the agreement.

Under type I collaborative R&D agreements, the advance payments from our partners are firstly applied to offset the proportional R&D or drug registration costs obligations of our partners, before the remaining portion post cost-allocation of which can be retained by us. The remaining portion post cost-allocation is recorded as other gains. See Note 7 to the Accountants' Report as set out in Appendix I to this prospectus for details. Under these agreements, 100% of the sales revenue after the product is launched is recorded as our revenue, because we act as the MAH; and the portion of the sales profits that is shared by our partners pursuant to the relevant agreed-upon ratio is recorded as our costs of sales.

Under type II collaborative R&D agreements, we receive technology transfer fees from our partners. We entered into type II collaborative R&D agreements in 2018 and 2019, respectively, after we independently completed the preliminary R&D activities and BE trials, and submitted the drug registration application for the relevant drug product. We currently do not have in consideration plans to enter into similar agreements in the future. The salient terms of our type II collaborative R&D agreements are set forth below:

- *Our obligations*. We are responsible for the overall drug registration application process.

- *Our partners' obligations.* Our partners shall assist us in facilitating the process of the drug registration application and obtaining the approval as soon as possible. They also share with us certain responsibilities in marketing and sales of the products once they are launched. They bear some costs of drug registration application, and in one agreement, such costs are born in proportion of our partner's agreed-upon share in the sales profits after the drug product is launched.

- *Ownership of rights*. We are the MAH for the drug products developed under the collaboration arrangements.

- *Payment schedule.* Our partners pay us a technology transfer fee for the rights to share sales profits of the products with us. The transfer fee is paid in installments upon milestone events such as completion of the registration application, as well as obtaining the drug registration approval.

- *Sales and distribution of profits.* The annual sales profit of such products will be shared between both parties according to the agreed-upon ratios.

- *Termination.* The collaborative R&D agreements may typically be terminated by both parties upon mutual consent.

Under type II collaborative R&D agreements, the technology transfer fees we receive from our partners are recorded as other borrowings; 100% of the sales revenue after the product is launched is recorded as our revenue, because we act as the MAH; and the portion of the sales profit pursuant to the relevant agreed-upon ratio we pay to our partners is recorded as our repayment to other borrowings. See Note 25 to the Accountants' Report as set out in Appendix I to this prospectus for details.

Under both types of collaborative R&D agreements, the portion of sales profits payable to our partners is not calculated as a simple deduction of cost of sales from the sales revenue. Rather, it represents the net commercial profit derived from: sales price minus cost of sales (including all production-related costs) minus the commercialization costs. A mix of additional deductions are applied based on terms on the relevant agreement, which typically include (i) MAH administrative expenses and sales team support fees allocated to partners based on agreed-upon ratios stipulated in each agreement, (ii) sales and marketing expenses, (iii) logistics costs, and (iv) insurance fees.

The determination of the consideration in both types of collaborative R&D agreements is based on several key factors that reflect the contributions and responsibilities of both parties. These factors include (i) R&D leadership and MAH status, as the MAH and the leading party in the R&D work and drug registration application, we undertake significant responsibilities and efforts in developing the drug product. The consideration reflects the value of these contributions; (ii) our R&D partner's assistance and procurement, as they assist us in various aspects of the R&D work. The consideration also accounts for the costs and efforts associated with these R&D activities; and (iii) cost and expense sharing and distribution of profits, as throughout the R&D process, both parties share the costs and expenses. Additionally, the annual sales profit of the drug products is shared between us and our partners according to the agreed-upon ratios. The consideration is determined based on these cost-sharing and profit-sharing arrangements, ensuring that both parties contribute fairly to the financial aspects of the collaboration. The determination of the consideration is a result of a thorough commercial evaluation that ensures both parties are fairly compensated for their contributions and responsibilities in the collaborative R&D agreements.

The following table sets forth our collaboration partners during the Track Record Period and the relevant drug products that we co-developed with our partners. According to CIC, our collaboration with our collaborative R&D partners is in line with the industry norm. We plan to enter into R&D collaboration arrangements similar to those under type I agreements in the future, as this would allow us to leverage our collaborative R&D partners' experience and resources from earlier R&D stage, and share the costs and expenses with them throughout the process to reduce our upfront investment burden.

			Transactions amount[1]			
			For the years ended December 31,			For the five months ended May 31,
Collaboration Partner	Relevant drug product/candidate	Type of the collaborative R&D agreement	2022	2023	2024	2025
			(RMB'000)			
Collaboration Partner A	Haihuining (海惠宁®)	Type I	–	–	1,838.0	–
	Anfeiping (安飞平®)	Type I	–	–	4,557.0	–
Collaboration Partner B[2]	Anbaiyou (安百悠®)	Type I	–	–	7,480.0	–
Collaboration Partner C	Yinganke (盈安可®)	Type I	178.0	–	2,256.0	–
Collaboration Partner D	Anyoufan (安优凡®)	Type I	–	–	–	–
Collaboration Partner E	Shuanya (舒安亚®)	Type I	–	3,347.0	472.0	–
Collaboration Partner F	a generic drug under development	Type I	–	590.0	114.0	–

Collaboration Partner	Relevant drug product/candidate	Type of the collaborative R&D agreement	Transactions amount[(1)] For the years ended December 31, 2022	2023	2024	For the five months ended May 31, 2025
			(RMB'000)			
Collaboration Partner G	Haikexi (海可喜®)	Type I	5,032.0	–	–	–
	Haibiping (海必平®)	Type I	5,452.0	–	–	–
	Saixifu (赛西福®)	Type I	–	3,958.0	–	–
	Anbili (安必力®)	Type II	39,341	35,947	31,916	24,624
Collaboration Partner H	Ruiantuo (瑞安妥®)	Type II	49,053	–	–	–

Notes:

(1) The transaction amount for type I collaborative R&D agreements denotes the other gains generated under the relevant collaborative R&D agreements in each year/period comprising the Track Record Period. The transaction amount for type II collaborative R&D agreements denotes the amount of the other borrowings in connection with the relevant collaborative R&D agreement as of December 31, 2022, 2023 and 2024, and May 31, 2025, respectively.

(2) We entered into a collaborative R&D agreement with Collaboration Partner B in 2022, under which we were the MAH. In January 2025, we ceased to be the MAH for Anbaiyou (安百悠®) pursuant to the MAH agreement we entered into with Collaboration Partner B.

The MAH transfer for Anbaiyou (安百悠®) was already stipulated in the original collaborative R&D agreement. According to this agreement, upon obtaining the drug registration approval for Anbaiyou (安百悠®), we shall transfer the MAH status to Collaboration Partner B upon its request. Under the MAH transfer agreement, Collaboration Partner B assumes all related rights and responsibilities of the MAH upon the transfer, including maintaining a qualified production quality management system and possessing the necessary capabilities for quality management, risk control, and liability compensation to ensure the safety, efficacy, and quality control for the drug product. Our Collaboration Partner B is also responsible for the full lifecycle management of Anbaiyou (安百悠®). This includes ongoing R&D activities to ensure the drug's continuous improvement and compliance with regulatory standards. Collaboration Partner B must strictly adhere to all MAH-related duties, including ensuring that all regulatory requirements are satisfied to maintain the market authorization for Anbaiyou (安百悠®). Our major obligations under the MAH transfer agreement are (i) jointly complete all drug registration procedures with Collaboration Partner B; and (ii) continue to bear the responsibilities of the MAH, including guiding related research activities, until the MAH transfer procedures are finalized.

After the MAH transfer, the profits sharing arrangement of Anbaiyou (安百悠®) was agreed to follow the terms outlined in the original collaborative R&D agreement, which stipulates that Collaboration Partner B would take lead in market operations, while we shall play a supporting role. The annual sales profits will be primarily allocated to Collaboration Partner B, with us receiving a smaller share. The financial arrangements related to the MAH transfer have been accounted for in the original collaborative R&D agreement and/or the transfer agreement. This includes advance payments from Collaboration Partner B to us for R&D-related work and our share of the drug's profit. Given our partner's broad market coverage, established marketing network and substantial experience with this particular type of drug, as well as our focus on R&D in the earlier stage, we initially held the MAH role to facilitate registration progress, with previously-agreed transfer arrangement supporting more effective market execution. We believe that this arrangement would leverage our respective strengths, and contribute to the drug product's commercial success.

Anbaiyou (安百悠®) did not generate any revenue during the Track Record Period. We currently do not have in consideration plans to enter into similar MAH transfer arrangements in the future.

All of our collaboration partners during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of these collaboration partners during the Track Record Period.

Our Offering of R&D Services

During the Track Record Period, we were engaged by some pharmaceutical companies to provide R&D services for their drug candidates. Under a typical R&D services agreement, our responsibilities include conducting small-scale trials, scale-up studies, pre-BE experiments (if required), process validation, and formal BE trials. We are responsible for the execution and documentation of such trials and procedures, and our clients would review our plans and summary reports, supervise our execution, and be responsible for most of the costs and expenses throughout this process. We are also required to handle the submission of the registration application, while our clients assist with the communication with relevant regulatory authorities and cover the fees for drug approval process. Under some agreements, our customers retain the ownership of the IP rights developed over the course of the R&D studies. Other agreements stipulate that we shall be the sole owner of the IP rights if the relevant IP rights arise from the work we conducted, and were subsequently developed and updated solely by us. According to CIC, it is an industry norm for a pharmaceutical company focusing on R&D and sales of generic drug products like us to provide R&D services to other pharmaceutical companies in the PRC.

Under these agreements, we are entitled to share the revenue generated from market sales once the product is approved for launch, under an agreed profit-sharing ratio. Additionally, upon reaching key milestones, such as the successful completion of the BE trials, we would receive milestone-based payments from our clients. The milestone payments we receive from the provision of R&D services are recorded as our revenue. The sales profits to be allocated to us will be recorded as other income. See Note 5 to the Accountants' Report as set out in Appendix I to this prospectus for details. During the Track Record Period, we had not had other income from the sales profits under such R&D services agreements.

PRODUCTION

We typically outsource the manufacturing of our drug products to qualified CMOs. We have also completed the construction of our own manufacturing facility Changle Facility in Fuzhou in the first half of 2025, to support our expansion and growing product portfolio, creating a dual-track production mode that are efficient while mitigating production risks.

Manufacturing Collaboration with Qualified CMOs

During the Track Record Period and as of the Latest Practicable Date, we outsourced the manufacturing of our commercialized drugs to qualified CMOs, using the APIs, excipients and packaging materials that we procured. We also commissioned a small number of qualified CMOs to support our clinical development and production of certain drugs.

The following table sets forth the movement of the number of our CMOs for the years/period indicated:

	Year ended December 31,			Five months ended May 31,
	2022	2023	2024	2025
At the beginning of the year	9	11	12	12
Addition	2	1	–	2
(Termination)[(note)]	–	–	–	–
Net increase/(decrease)	2	1	–	2
At the end of the year/period	**11**	**12**	**12**	**14**

Note: the figure for "(termination)" denotes the number of then existing CMOs that did not enter into transaction with us in a certain year. We did not terminate our business relationship permanently with any of our CMOs during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, no termination of CMOs was due to material breach of the terms of manufacturing agreements. There has been no material dispute between our Group and the CMOs, and we have not experienced any significant delays in the supplies from CMOs. We believe that there is no material concentration risk in relation to the CMOs we procured, and that alternative CMOs with similar quality are available in the market at comparable terms.

According to CIC, by the end of 2023, there were over 500 CMOs/ CDMOs in China. In recent years, the trend of "separation of R&D and production" among pharmaceutical companies in China has been on the rise. CMOs and CDMOs have become crucial support for China's pharmaceutical system. Coupled with the rapid development of the domestic pharmaceutical industry, the supply chain of CMOs/CDMOs has been continually improving.

In the near future, we will continue to outsource the manufacturing of our products and drug candidates, including commercial-scale manufacturing of our approved drugs, to qualified CMOs, and start to utilize our manufacturing facility once the construction is completed. For details, see "— In-house Manufacturing Facility" in this section. We have adopted, and will continue to implement, robust procedures to ensure that the production qualifications, facilities and processes of our CMOs comply with the applicable regulatory requirements, our internal guidelines and quality standards.

We typically select the CMOs with GMP-compliant manufacturing facilities, complementary resources, high cooperativeness and shared goals to foster synergies and increase production efficiency. To standardize the services performed by our CMOs, we have formulated quality standard for each of our drug, and conduct regular inspections as well as spot checks on our drugs according to the national registration standards. We have also established a quality assurance team and a quality control team to work with our CMOs to efficiently manage our outsourced production and ensure the quality of our drugs that are distributed to the market.

We generally enter into commission agreements with our CMOs. While the final formulation, manufacturing processes, and quality standards are shared with relevant departments of the CMOs to ensure production under the specified parameters, the development process of the formulation and manufacturing techniques, as well as the impact of formulation ratios and process parameters on critical quality attributes, are kept confidential. The ownership of any of our intellectual property rights, know-how, and trade secrets remains with us and is not transferred to the CMOs. We also make sure that each CMO agreement we enter into includes confidentiality clauses which forbid CMOs to use the intellectual property rights, know-hows or trade secrets for purposes not related to their engagement with us. Our sales and marketing department delivers the requests to our production management department, specifying the orders received, sales forecasts and inventory level of the finished products. The production management department then places orders of the required raw materials and provides production plan to our CMOs.

Below is a summary of the key terms of our commission agreement and confidentiality arrangement with our CMOs.

- *Our responsibilities.* We are primarily responsible for the supervision of production process, sales management, monitoring clinical adverse reactions, post-market re-evaluation, emergency response to injuries caused by our drugs and settlement of corresponding payout requests as the ultimate responsible party of product safety and quality. We set and shall promptly notify the CMOs the detailed requirements regarding the production processes and standards, methods, batches, amounts, packaging and any changes made with regard to the requirements. We are entitled to audit the production and inspection data, conduct analysis towards the long-term stability related data, order a recall and evaluate the recalled products.

- *CMOs' responsibilities.* Our CMOs are primarily responsible for the production of our drugs in strict compliance with our instructions. Specifically, the CMOs undertake the following obligations under the commission agreement: (i) conduct pilot scale-up, ensure the quality of samples used in clinical trials, and verify the manufacture process; (ii) receive APIs from suppliers on our approved suppliers list and provide storage services suitable for the APIs free of charge; (iii) inspect and release the APIs, excipients, packaging materials, intermediates as well as the finished products in accordance with the quality standards provided by us or the NMPA; (iv) complete the tests (including pilot related tests), verification in relation to microbiological, manufacturing

process (including cleanliness), methods and relevant substances; (v) organize the production based on the approved prescriptions, production process and in GMP-complaint quality standards, cooperate with us in relation to our potential inspections of the suppliers of raw materials, excipients and packaging materials, as well as the post-marketing pharmacological changes of the products to further enhance the production quality and efficiency; and (vi) keep the original records and prepare the back-ups relating to production and inspections for at least five years from the first date of our Company's marketing of each product, or in accordance with applicable laws and regulations, whichever is longer.

- *Intellectual property arrangements.* We retain full ownership, intellectual property rights, and disposal rights for all the products produced by the contracted CMOs.

- *Payment.* The payment to the CMOs shall be made based on the invoice generated after their production and supply of products meet our requirements.

- *Confidentiality arrangements.* The CMOs shall keep confidential the intellectual property rights and trade secrets of our Company in respect of the products, including but not limited to production process and quality standards for the formulations, which they become aware of due to performance of agreement, and shall not disclose any of the details to any other entity or individual.

- *Termination.* If a CMO delays the production and supply of our products more than three times per year, or if the CMO's production conditions fail to meet our requirements or pose unacceptable risks, we have the right to terminate the commission agreement with such CMO and seek compensation for losses. If we fail to pay a CMO without justification for 60 days after the CMO sends us a written notice, the CMO may terminate the commission agreement and hold us liable for damages. Either party may notify the other of a breach, and if not corrected within 60 days, the non-breaching party may terminate the commission agreement.

- *Dispute Resolution.* Disputes related to our commission and confidentiality agreements with our CMOs shall first be resolved through friendly consultation between both parties. If consultation fails, either party may file a lawsuit in the people's court located in the plaintiff's jurisdiction.

We adopt a stringent quality control system to ensure that our products are in compliant with the national regulatory standards, safety and efficacy profiles. For details of the quality control arrangements with our CMOs, see "— Quality Control" in this section.

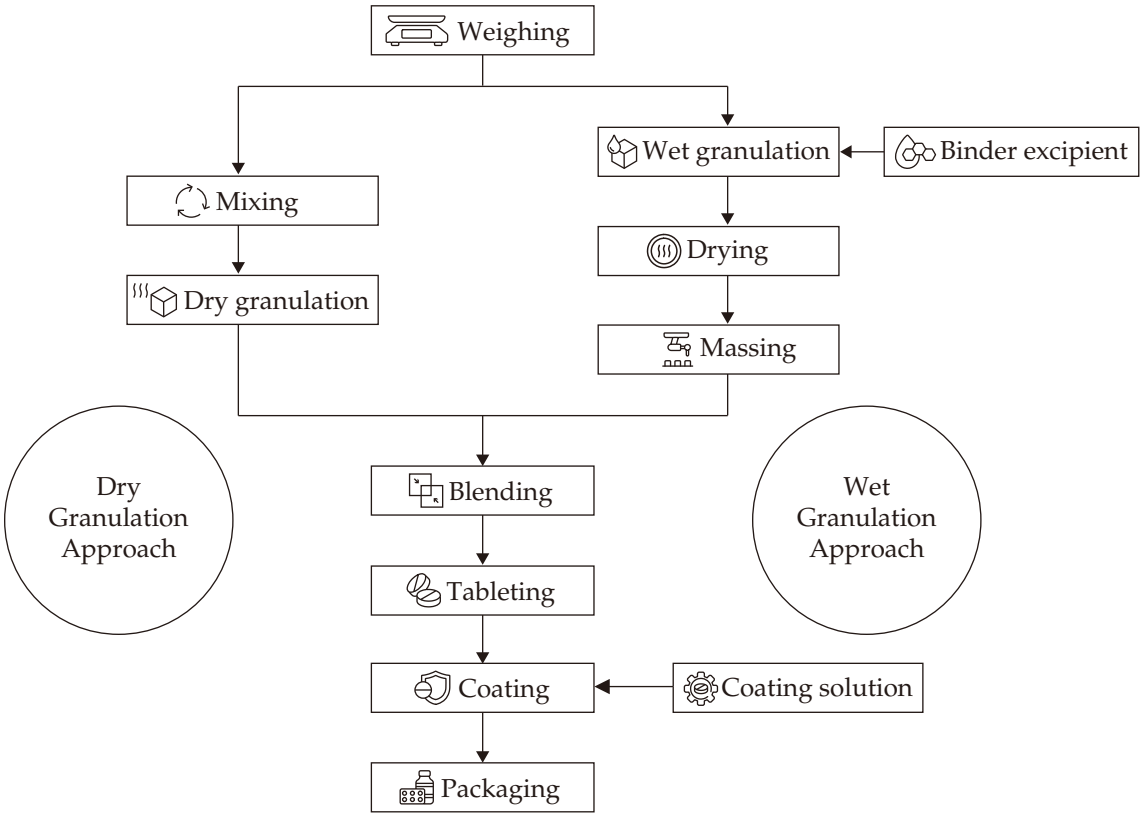
In-house Manufacturing Facility

To enhance our production capabilities for generic and innovative drugs, we are constructing our own manufacturing facility in Fuzhou with a total GFA of around 90,000 sq.m. We obtained the Drug Manufacturing License issued by the Fujian Medical Products Administration (福建省藥品監督管理局) in December 2024. We completed the installation of production lines for oral solid dosage production with designed annual production capacity of 2.0 billion tablets and capsules, and have completed the construction for the manufacturing facility in the first half of 2025. As of the Latest Practicable Date, the Changle Facility, which has completed the construction and obtained the Final Acceptance Report, had met the requirements concerning its completion timeline and other material development conditions as stipulated in the relevant land use rights grant contract, and was in the process validation stage. In addition to obtaining the Drug Manufacturing License, all drug products in our current commercialized generic drug portfolio have obtained their respective drug registration certificates. Additionally, we are required to pass the GMP compliance inspection and obtain the GMP Compliance Inspection Notice issued by the Fujian Medical Products Administration for the Changle Facility before it is actually put onto operation. As of the Latest Practicable Date, we have obtained such GMP Compliance Inspection Notice, which is necessary at the current stage. We plan to shift the majority of our production activities to the Changle Facility in next two years in a phased manner, and maintain business relationships with selected CMOs to provide supplementary production capacity in the foreseeable future. For certain selected products, we also plan to compare internal and external production costs to determine whether to manufacture them in-house or outsource to CMOs.

Production Process

We have established standardized production processes and procedures for our CMOs to ensure consistency and quality. These processes vary by product and are tailored to the specific manufacturing requirements of each formulation. Our major production techniques include the dry granulation approach, utilized in the manufacturing of Haibiping (海必平®), Haikexi (海可喜®), Shuanya (舒安亚®), and the wet granulation approach, applied in the production of Anbili (安必力®), Ruiantuo (瑞安妥®), Haihuitong (海慧通®), Antuofei (安妥飞®), and our generic of rebamipide tablets. Both approaches are designed to optimize efficiency and product quality. The complete production process of the dry granulation approach takes approximately five days, while the complete production process of the wet granulation approach takes approximately ten days.

The following diagram summarizes our production processes of the two approaches, which take approximately five days.



Raw Material Procurement and Supplier Management

The raw materials required for our drug product manufacturing primarily include APIs, excipients, and packaging materials. During the Track Record Period, these raw materials were all sourced from third-party suppliers based in China.

Supplier Selection and Management

We have implemented rigorous supplier selection procedures to ensure the quality and reliability of our supply chain. Potential suppliers are evaluated on multiple criteria, including product offerings, quality standards, corporate management practices, quality management system, reputation, business scale, and pricing. All suppliers must possess the necessary licenses and permits for their operations. As part of the evaluation process, potential suppliers are required to conduct small-batch sample production, which we inspect to verify conformance with our standards. Only suppliers that meet all our criteria are added to our approved suppliers list.

To maintain high standards, we routinely review and assess the performance of our suppliers, re-evaluate their qualifications, and obtain updated fee quotes annually. Based on these reviews, the approved suppliers list is updated as necessary. Suppliers failing to meet our requirements are promptly removed from this list.

Procurement Practices

Our production management department oversees the procurement of raw materials, typically placing orders on an as-needed basis under annual procurement agreements with suppliers. We have established and maintained long-term relationships with most of our suppliers, ensuring stability and continuity in our supply chain. The purchase prices for raw materials are determined based on type, quantity, and specifications. Payments are typically made through wire transfers or bank acceptance bills, with full prepayment required by most suppliers.

Suppliers are generally responsible for delivering raw materials to our designated CMOs at their own expense. We reserve the right to return any raw materials that fail to meet our quality standards. In addition to direct procurement, we also engage our CMOs to source certain raw materials from the qualified suppliers on our approved list.

Supply Chain Stability

Supply chain stability of our principal raw materials is maintained through multiple suppliers. We have alternative sources that offer comparable quality and pricing, ensuring flexibility and resilience in our supply chain. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages, delivery delays, or significant price increases for major raw materials that adversely impacted our operations or gross profit margins. For further details, see "Risk Factors — Risks Relating to Our Reliance on Third Parties — We rely on the stability of our supply chain. Any loss or deterioration in our relationship with key suppliers, disruptions in raw material supply, or significant cost increases could materially and adversely affect our business, financial condition, and results of operations" in this prospectus.

Inventory Management

Our inventory mainly consists of finished products, work in progress and raw materials. We have established an inventory management system that monitors each stage of the warehousing process. Our warehousing personnel are responsible for the inspection, storage and distribution of raw materials and finished products. All raw materials and products are stored in our CMOs' warehouses according to their respective storage condition requirement, properties, usage and batch number. We closely monitor our inventory levels and generally keep six months of finished products in stock. We generally purchase raw materials based on their useful lives and required lead time. We start to make provision for inventories primarily with a shelf life of less than twelve months in accordance with IFRS.

QUALITY MANAGEMENT

An effective quality management system is essential for the success and sustainability of our business. Given that we outsource and intend to continue outsourcing part of our production to CMOs, we have implemented a robust quality control and assurance system to ensure that the products delivered by our CMOs consistently meet our high-quality standards. Our quality control and assurance procedures include the following:

Selection of Qualified CMOs

Our production activities are conducted in collaboration with rigorously selected, qualified CMOs. For more details on our CMO selection process, see "— Production — Manufacturing Collaboration with Qualified CMOs" in this section. We regularly monitor and assess the performance of our CMOs through both annual and ad hoc inspections to ensure adherence to our quality standards.

Quality Control in the Procurement of Raw Materials

To maintain the quality of raw materials, we purchase — or authorize our CMOs to purchase — materials exclusively from the qualified suppliers on our approved suppliers list. For more details regarding our supplier selection process, see "Production — Raw Material Procurement and Supplier Management" in this section.

Under the quality agreements established with our CMOs to be compliant with GMP requirements in China:

- CMOs are required to inspect raw materials upon receipt to ensure compliance with our quality specifications.

- Raw materials are quarantined upon receipt and stored under strict monitoring.

Quality Control of Final Products

We independently develop release standards for our final products, which are rigorously enforced. Each batch of final products undergoes the following quality control steps:

- The CMOs perform sample testing of each batch of final products.

- Prior to shipping the final products, the CMOs inspect quality-related documentation, including: (i) inspection records of raw materials, (ii) laboratory testing records, (iii) production process records and (iv) other documentation that could affect product quality.

- Final products that fail to meet our quality standards are flagged, and the CMOs must immediately report such incidents to us. Only products met the approved drug quality standards can be cleared and sold in the market through distributors.

Quality Assurance during Production

Our quality assurance department is responsible for ensuring that CMOs consistently comply with GMP requirements during production. Key measures include:

- CMOs must follow our standard operating procedures.
- Our quality assurance department conducts regular on-site inspections of production processes.
- After each production process, CMOs are required to perform validated cleaning procedures to prevent contamination or cross-contamination, ensuring that production lines are properly cleaned before the next process.
- For conforming products, the CMOs submit their manufacturing records to our authorized quality assurance personnel for a final release decision.
- Every production batch has to be first cleared and signed by a qualified person from the CMOs, and then cleared and signed by our quality assurance department through thorough examination of all related documents including those of quality testing before shipping out.
- Only products met the approved drug quality standards can be cleared and sold in the market through distributors.

PRODUCT RETURNS

We generally do not accept any product returns, except for defective products, or products received in error or damaged in shipping. Our distributors are required to inspect the products on delivery, and must notify us and obtain our written consent before damaged products can be returned or exchanged. Any products that have been accepted on delivery are not eligible for returns, unless there is a quality issue within the warranty period. Consequently, we typically recognize revenue from the sale of pharmaceutical products at the invoice day once our distributors have accepted our products for delivery. In any case products were claimed to be defective, we will immediately conduct investigations for possible causes and engage qualified third-party investigators when necessary, so do our CMOs. In these cases, we are the primary responsible party who will first cover all cost of return and replacement of the products, and any consequent damage claims raised by patients or hospitals. In turn, if the final conclusion is that the CMOs are responsible for the manufacturing defects, we may then pursue further indemnification from them. For details of the return policy with our distributors, see "— Sales, Marketing and Distribution — Distributors — Distributor Management" in this section.

During the Track Record Period, we incurred 12,674, 18,932, 25,251 and 58,007 boxes of product returns, with a total sales amount of RMB0.16 million. RMB0.13 million, RMB0.35 million and RMB2.03 million in the years/period ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively. The drugs that were involved in product returns were Anbili (安必力®) and Ruiantuo (瑞安妥®) in 2022, Anyoufan (安优凡®), Haibiping (海必平®) and Ruiantuo (瑞安妥®) in 2023, and Anbili (安必力®), Antuofei (安妥飞®), Anyoufan (安优凡®), Haihuitong (海慧通®) and Saixifu (赛西福®) in 2024, and Anyoufan (安优凡®), Saixifu (赛西福®), Ruiantuo (瑞安妥®), Antuofei (安妥飞®), Anbili (安必力®) and Haihuitong (海慧通®) in the five months ended May 31, 2025. The reasons for product returns during the Track Record were largely attributable to damage during transportation or handling, rather than the inherent quality issue of the drug products. According to CIC, this is in line with the industry norm. During the Track Record Period and up to the Latest Practicable Date, the amounts of our product replacements were minimal. We had not experienced any material complaint or product liability or other legal claims from our customers due to the quality of our products.

Drug Recalls

According to the Drugs Recall Management Measures (《藥品召回管理辦法》), which was promulgated by the NMPA on October 24, 2022 and came into effect on November 1, 2022, drug recalls can be divided into three categories based on the severity of the drugs' defects and the potential harm they may inflict on patients: (i) Class I recall applies to defective drugs that may cause or have caused severe health hazards; (ii) Class II recall applies to defective drugs that may cause or has caused temporary or reversible health hazards; and (iii) Class III recall applies to drugs the use of which may not cause health hazards but still need to be recalled for other reasons.

We have established drug recall procedures with reference to the Drugs Recall Management Measures and other relevant requirements, including GMP requirements, and have prescribed recall guidelines and processes, which designate the specific contact persons upon a recall and specify the corresponding handling procedures. We will decide on whether to initiate the recall of defective drugs and require relevant CMOs involved to immediately provide information and necessary assistance in the recall process. During the Track Record Period and up to the Latest Practicable Date, we did not have any product recall.

SALES, MARKETING AND DISTRIBUTION

As of the Latest Practicable Date, we had obtained approval from the NMPA for 15 generic drugs. See "— Our Product Portfolio" in this section for details. During the Track Record Period and up to the Latest Practicable Date, we conducted all our sales in the PRC. We sell substantially all of our products to distributors, who in turn distribute such products primarily to hospitals and a small portion to pharmacies. We have established a professional and efficient in-house sales team that works closely with distributors and marketing service providers to conduct market research, channel management and marketing activities.

In-house Sales Team

As of the Latest Practicable Date, our in-house sales team comprised of 37 employees with an average of approximately 10 years of experience in the pharmaceutical industry. Members in our sales team all hold related degrees or have wide marketing experience in pharmaceutical industry and have gained required expertise through regular training.

Our sales team is structured in hierarchies with clearly defined job responsibilities: (i) our headquarters especially our general manager for sales is primarily responsible for formulating the overall marketing strategies for the drugs in our product pipeline; (ii) members in the business development division are primarily responsible for biddings in VBP schemes, communications with distributors and consolidation of information related to sales and marketing; and (iii) members in the marketing division are primarily responsible for identification and selection of distributors and marketing service providers, oversight of marketing activities and achieving market expansion. We have designated employees as provincial managers managing distributors and marketing service providers in different provinces who regularly report to regional managers, and regional managers overseeing larger regions who report to our general manager. Such hierarchical arrangement allows our general manager and regional managers to develop in-depth understanding of the market demands and policy changes in each province and even local areas in order to make rapid adjustments and develop stronger adaptability in a highly competitive environment.

Marketing Services Providers

In addition to our in-house sales team, we collaborate with qualified and experienced marketing service providers to market our products. This partnership enables us to expand market coverage and penetration in a cost-effective manner. The selection of marketing service providers is based on stringent criteria, including their qualifications, service capabilities, local resources, industry experience, and compliance records. We also evaluate their performance regularly to ensure alignment with our business objectives and compliance requirements.

Our marketing service providers play a pivotal role in the marketing of our drug products. They mainly provide services in three aspects, comprising distribution channel management services, market research services and product promotion services. The details of the services provided are set out below.

- **Distribution channel management services.** This constitutes the majority of the services provided by our marketing service providers, comprising (i) distributor management (monitoring logistics, inventory level and sales data flow, addressing issues in sales process, as well as collecting market feedback from our distributors); (ii) pharmacy network development (onboarding new pharmacies and prioritizing produce placement in initial outreach, followed by regular visits to maintain shelf presence of our drugs and address sales issues and inventory concerns (if any)), and (iii) healthcare institution engagement (facilitating the introduction and initial sales of our products in

hospitals by handling administrative procedures, working closely with the pharmacy department in hospitals to monitor inventory levels for drugs that are already included in VBP schemes, and actively developing relationships and exploring market opportunities for drugs that are not included in VBP schemes); and

- **Market research services.** The marketing service providers gather market feedback which helps us assess the sales performance of our products across various regions, as well as providing valuable market insights such as those on target patient populations, local clinical practices and competing products in specific regions. These insights are critical for guiding our marketing strategies, optimizing resource allocation, and strengthening our market presence; and

- **Product promotion services.** This only represents a small portion of the marketing services provided. The product promotion services mainly involve conducting medical seminars to educate healthcare professionals about our products, aiming to foster physician engagement and awareness, which we believe will ultimately drive product adoption and product sales.

We formalize our relationships with marketing service providers through service agreements, requiring them to adhere to all applicable laws and regulations as well as our stringent anti-bribery policies. We maintain appropriate oversight of our marketing service providers through a comprehensive compliance framework. This includes the establishment of our internal policies on anti-fraud and anti-money laundering, and our standards on promotional activities and vendor management. Under our compliance system, our marketing service providers are required to meet qualification criteria covering business legitimacy, financial compliance, and credit records, with all expenses settled regularly with us based on verified documentation. We also provide mandatory training sessions to marketing service providers before they provide services to us. The agreements with our marketing service providers also require them to submit detailed supporting documentation corresponding to actual services rendered and expenses incurred, which we thoroughly verify before approving any payments, while also mandating compliance with all applicable laws, and holding them fully liable for any legal violations or damages caused to our Company. Additionally, all of our marketing service providers are required to enter into a compliance commitment letter, undertaking to strictly adhere to all applicable laws and regulations including pharmaceutical regulations and anti-bribery laws, refraining from obtaining any improper benefits or unethical competitive practices, and maintaining fair market conduct in accordance with commercial ethics. To the best knowledge of our Directors, all marketing service providers engaged during the Track Record Period were Independent Third Parties and none of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our marketing service providers during the Track Record Period.

Distributors

During the Track Record Period, our products were distributed primarily through our distributors, from whom we generated a substantial portion of our revenue. Our distributors are our direct customers, and are responsible for selling and delivering our products to medical institutions and pharmacies.

We have adopted the current distribution work scheme primarily due to two considerations: (i) the "Two-Invoice System" requires pharmaceuticals that are selected in national or provincial VBP schemes to be sold to hospitals through qualified distributors; and (ii) the established distribution networks and local resources mastered by our distributors can facilitate a relatively rapid market penetration for our products across China and enable us to save enormous costs to rebuild a nationwide distribution network. According to CIC, it is an industry norm to adopt this kind of distribution work scheme.

Through selection of our products in the national and provincial VBP schemes, we were able to rapidly expand our sales and distribution network through our distribution work scheme. As of the Latest Practicable Date, our sales and distribution network was connected to over 18,000 hospitals and other medical institutions, including more than 5,100 Grade III and II hospitals, in addition to over 22,000 pharmacies, covering all of the provinces, municipalities and autonomous regions in China.

The following table sets forth the movement of the number of our distributors for the years/period indicated:

	Years ended December 31,			Five months ended May 31,
	2022	2023	2024	2025
At the beginning of the year	101	151	219	314
Addition	107	201	149	75
(Termination)	(57)	(133)	(54)	(62)
Net increase/(decrease)	50	68	95	13
At the end of the year/period	**151**	**219**	**314**	**327**

During the Track Record Period, we experienced fluctuations in the number of our distributors. These changes were primarily caused by the changes due to the renewal of drug selection in VBP schemes, shifts and addition in sales regions resulting from newly selected drugs in VBP schemes, and our continuous efforts to optimize and consolidate our distributor network. During the Track Record Period and up to the Latest Practicable Date, no distribution relationship was terminated due to material breach of the terms of the relevant distribution agreement. During the Track Record Period, we did not experience any material dispute or litigation with our distributors.

The relationships between the Group and its key distributors are unlikely to materially adversely change or terminate, and the Group has effective measures in place to mitigate the relevant risk exposure. We maintain strong and long-term relationships with our key distributors with proven track records. Our partnerships are reinforced by mutual commercial interests and alignment with national procurement policies. Even in the unlikely event of a termination with any single distributor, we believe that we will be able to swiftly transition to alternative qualified distributors under similar commercial terms for similar products. Our diversified regional distribution network and rigorous qualification requirements further mitigate any potential supply chain risks, ensuring business continuity regardless of individual distributor changes.

During the Track Record Period, most of our major distributors were a few large-scale state-owned enterprises and various subsidiaries or entities within the same state-owned group, which were well-established and have demonstrated a stable track record of sales performance. According to CIC, this is a common practice in the pharmaceuticals sales business in China, because the drug distribution industry in China is highly concentrated. According to CIC, the top five drug distributors in China in 2024 are estimated to account for over 47% of the market's drug sales revenue, followed by more than 100 smaller-scale distributors. In 2024, sales amount contributed by state-owned pharmaceutical distributors is estimated to remain over 60% of the total sales amount in the drug distribution industry in China. According to CIC, state-owned distributors are more frequently selected by public medical institutions to provide drug products under China's VBP schemes, predominately because that a majority of qualified distributors in the market are state-owned enterprises. According to the Chinese Expert Consensus on the Management of Nationally Organized Centralized Procurement Drugs in Medical Institutions (《醫療機構國家組織集中採購藥品管理中國專家共識》), medical institutions should regularly conduct comprehensive evaluations of distributors' supply capabilities and service quality. When selecting distributors, key criteria include supply capacity and distribution service capability, followed by drug quality and corporate management standards, as well as emergency support capacity. Generally, state-owned distributors tend to hold greater advantages in these areas compared to non-state-owned ones, as they often benefit from stronger government support, broader market coverage, tighter channel control, and higher risk resilience. The selection of distributors (whether or not state-owned) by public medical institutions often depends on above-mentioned factors, as well as the level of geographic coverage and channel penetration by distributors, rather than ownership structure alone. Different entities within these state-owned enterprises are responsible for distributing our drug products in different geographic regions, and we do not rely on any single distributor entity across the entire country. To the best knowledge of our Directors, our key distributors do not distribute our drug products to, or conduct transactions with each other. We ensure that all of our distributor entities meet the requisite qualification and regulatory requirements, and actively monitor their performance and compliance. Based on such measures we take, and given that the adoption of drug products in public medical institutions are primarily determined by the applicable national and provincial centralized procurement policies, and, to a lesser extent, by public medical institutions when they select one distributor from a list of distributors prepared by us, rather than by any of the distributor entities, we believe that the distributors also have a vested interest in maintaining long-term relationships with us, and that we are maintaining a robust and compliant distribution

network. In addition, during the Track Record Period and up to the Latest Practicable Date, there has been no material litigation, arbitration, administrative proceedings or other material disputes between us and our distributors. Because of the foregoing, we are of the view, and the Joint Sponsors concur, that our relationships with key distributors are not likely to materially adversely change or terminate, and nothing has come to our and the Joint Sponsors' attention that cause us or them to believe this.

We have established a distributor management procedure to ensure standardized and compliant pharmaceutical sales operations, which includes strict guidelines for distributor selection, requiring thorough evaluation of their qualifications, financial stability, operational capabilities, and compliance with regulatory requirements. Our agreements with distributors shall include explicit terms on payment, delivery, and pricing policies. The procedure also enforces strict regional sales restrictions, prohibits unauthorized price adjustments or cross-regional sales and mandates regular compliance reviews. Additionally, we maintain protocols for handling product returns, adverse event reporting, and market monitoring to prevent unethical practices, ensuring a well-regulated and transparent distribution network aligned with both corporate policies and regulatory standards.

To the best knowledge of our Directors, during the Track Record Period, all of our distributors were Independent Third Parties, and none of our distributors were wholly-owned or majority controlled by our current or ex-employees. During the Track Record Period and up to the Latest Practicable Date, we did not provide financial assistance to any of our distributors.

Distribution Agreements

The distribution agreements with our distributors stipulate that upon delivery of our products to and acceptance by distributors, the ownership is transferred to them as well. They should be then responsible for all subsequent transactions along with all the associated risks. We record revenue accordingly as product sales to our distributors.

The material terms of our distribution agreements are generally set forth as follows:

- *Term.* Our distribution agreements generally have an effective term of one year.

- *Designated distribution area.* We assign distribution areas to respective distributors based on their capabilities, and our distributors will mainly focus on these areas to develop their network.

- *Exclusivity.* Our agreements specify the types of products and the designated distribution areas, but these rights are not exclusive.

- *Sales target and minimum purchase requirements.* Our agreements do not specify an agreed annual sales target or minimum annual purchase amount.

- *Inventory level.* Inventory level is normally managed and maintained by individual distributors.

- *Return of products.* We generally do not allow product returns or replacements. For details, see "— Product Returns" in this section.

- *Confidentiality.* Both parties have non-disclosure obligations, and undertake to only use each other's trade secrets and other business information to the extent necessary and not to disclose such trade secrets or other business information to any third party.

- *Termination.* Termination is generally not allowed unless with written consent by both parties, except that the agreement is no longer able to be reasonably carried out due to our causes.

Distributor Management

We select our distributors based on their distribution capabilities, market knowledge, financial stability, credit history and scale of operations. We require our distributors to possess all licenses and permits necessary for the sales and distribution of pharmaceutical products, and to adhere to the latest GSP standards for their sales, distribution, storage and transportation activities. Although we do not impose specific requirement on the product inventory level of our distributors, to our knowledge, they normally maintain a product inventory level of one to two months of sales to meet the requirements of their internal policy. In addition, our distribution agreements stipulate that our distributors must ensure reasonable inventory to avoid stockouts or shortage. During the Track Record Period, we did not experience any significant shortage or delay in supply of the products we sourced from our suppliers.

We manage cannibalisation risk among distributors through our agreements with our distributors, which specify the relevant products to be distributed and designate the geographic regions for which the distributor is responsible. We encourage our distributors to focus their efforts within their designated regions. In addition, under the applicable national or provincial VBP schemes, as both the supply volume and pricing of the products are determined by the relevant VBP contracts, we designate a list of distributors to supply a certain drug and the public medical institution selects one distributor from the designated distributors, a distributor has no means to encroach on another distributor's market shares.

Inventory Management

During the Track Record Period, we believe the inventory level genuinely reflected the market demand, considering the following measures:

- *Credit term.* We generally require our distributors to make upfront payments for all of our products. As such, we believe that our distributors will effectively manage their cashflow and inventory level, thus ensure that procurements are made based on actual demand.

- *Sales and inventory check.* Our major distributors have granted us access to their inventory database, allowing us to monitor their sales data and inventory levels of our products. We generally review and evaluate such data on a weekly basis and adjust our sales activities when necessary.

- *Strict return policy.* Due to our strict return policy, we believe that our distributors tend to only purchase products that they can reasonably expect to sell and keep their inventory turnover rate relatively high.

During the Track Record Period and up to the Latest Practicable Date, we did not notice any unusually large procurements that were inconsistent with our distributors' historical practices, nor did we notice any abnormally high inventory level of our distributors.

Delivery and Logistics

We are responsible for arranging the delivery of our products to locations designated by our distributors along with the insurance for each batch of products to be delivered to our distributors.

During the Track Record Period, we engaged external shipping companies to deliver our products. Pursuant to the agreements, the shipping companies are responsible for any direct losses caused by them during the transportation and delivery of our products. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major material disruption or damage in relation to the delivery of our products.

Compliance with the "Two-Invoice System"

We are subject to the "Two-Invoice System" in China, which generally requires an MAH to issue a first invoice to their distributors, who then issue a second invoice directly to the end-customer medical institutions. Under this system, typically only one tier of distributor is allowed to distribute drug products between the MAH and the public medical institution. Public medical institutions are mandated to adopt the "Two-Invoice System."

We operate a single-layer distribution system by directly engaging distributors to sell our products. With the implementation of the "Two-Invoice System" in China, our distributors are generally restrained from engaging sub-distributors for the distribution of our products to public medical institutions in China. During the Track Record Period, only a very limited number of our distributors engaged sub-distributors for the distribution of our products, which were all distributed under the retail channel so that the requirements under "Two-Invoice System" are not applicable. The sale amount generated from sub-distributors was nil in 2022 and 2023, respectively. In 2024 and the five months ended May 31, 2025, the revenue contributed by sales from sub-distributors was less than 1.0% of our total revenue in the same year, involving three of our drug products, namely, Antuofei (安妥飞®), Anbili (安必力®) and Saixifu (赛西福®). For the downstream distribution of our products to medical institutions, we procure our distributors to oversee and supervise their activities to ensure compliance with applicable laws and regulations.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we were not found to have violated or circumvented any regulations, or policies related to the "Two-Invoice System." We had not been disqualified from participating in public tendering processes in any province, nor were we subject to administrative fines or penalties. Furthermore, we had not received any warnings or notices from relevant authorities regarding non-compliance with "Two-Invoice System".

PRICING

Our pricing strategies are shaped by regulatory regimes in the PRC, including the VBP schemes and the NRDL. We closely monitor regulatory changes and strive to balance the opportunities that the VBP schemes and the NRDL provide as well as the constraints they impose to maintain our competitiveness and profitability. For further details of risks associated with pricing, see "Risk Factors — Risks Relating to Our Business and Industry — Our products may be subject to price restrictions and may continue to experience downward pressure on product prices in China" in this prospectus.

VBP Schemes

The VBP schemes aim to reduce prices of widely used and relatively mature pharmaceutical products. The schemes employ a competitive bidding process to set prices for pharmaceutical products and allocate the purchase demand among winning bidders.

VBP schemes are implemented on national and provincial levels. According to CIC, national and provincial VBP schemes complement each other in the selection of products, and the inclusion in the national VBP scheme in practice supersede provincial VBP schemes, promoting a unified approach across different administrative levels. The national VBP scheme primarily targets pharmaceuticals that have passed quality and efficacy consistency evaluations, and high-value medical consumables that are overpriced and have strong public feedback. For pharmaceuticals, the national VBP scheme primarily includes chemical drugs that have met the consistency evaluation criteria, and that have a certain number of generic alternatives available in the market.

National VBP Scheme

The national VBP scheme is implemented by the NHSA. For pharmaceuticals, the national VBP scheme primarily includes chemical drugs that pass or are regarded as passing the consistency evaluation criteria.

Participation by pharmaceutical companies in the national VBP scheme is voluntary. Successful bids under the national VBP scheme are generally valid for two to three years. Being selected in the national VBP scheme can lead to a substantial increase in a product's sales volume, yet it also generally results in significant reduction in their unit prices. Though the national VBP scheme guarantees each winning bidder a certain amount of purchase order, when there are many winning bidders, the guaranteed purchase amount may be significantly diluted.

Provincial VBP Schemes

Provincial VBP schemes complement the national VBP scheme, and can vary significantly across different regions. There are two scenarios involving provincial VBP schemes. First, provincial schemes may target drugs that have not been included in the national VBP schemes. These drugs may include not only recently approved generics that have passed consistency evaluations but also those that have not yet passed consistency evaluations, traditional Chinese medicines, or biologicals. Second, for drugs that have been selected in the national VBP schemes but whose exclusive validity periods have expired, the renewal of the VBP schemes will be implemented at the provincial level.

The provincial VBP schemes are primarily implemented by various inter-provincial procurement alliances (the "**alliances**") formed by government authorities across provinces and cities. Successful bids under provincial VBP schemes are generally valid for one to two years. Due to the diverse and complex nature of provincial VBP schemes, a product included in a provincial VBP scheme may operate independently of the national VBP scheme, be superseded by the national VBP scheme if the product is later included in the national VBP scheme, or simply serve as a renewal of an expired national VBP scheme.

Participants may directly participate in national VBP schemes regardless of whether they are involved in provincial VBP schemes. Drugs qualify for national VBP schemes, as long as they are selected in the catalog during a specific round and have passed consistency evaluations. For drugs that missed the bidding window for national VBP schemes, they must wait until the exclusive validity period expires before they can participate in renewal bidding at the provincial level. However, provincial renewal bidding is subject to various local policies and conditions of relevant alliances, which are constantly evolving and adapting, making the situation relatively complex. Generally, the original winner in a particular province under the national VBP schemes tends to have a strong advantage in that province during subsequent renewal biddings, primarily due to the market coverage established during the exclusive validity periods of the national VBP schemes.

Renewal of VBP Schemes

The national VBP scheme itself does not undergo a renewal process. The renewal of expired national VBP schemes is not centrally administered by the national authority but delegated to provincial or alliances. The provinces or alliances implement renewals under the national policy framework, with the authority to determine specific terms. Common approaches include direct contract extensions, re-bidding, or price linkage (adopting prices from other provinces or prior national VBP schemes). Renewal prices are generally required not to exceed the original bid price, though provinces may allow adjustments for cost fluctuations or market conditions. The Opinions on Promoting the Regular and Institutionalized Development of Drug Centralized Volume-based Procurement (關於推動藥品集中帶量採購工作常態化制度化開展的意見), issued by the general office of the State Council in January 2021, explicitly emphasizes a tiered procurement system, under which provincial and alliance-level procurement is encouraged for non-national procurement candidates, granting provinces and alliances autonomy to organize renewals or new rounds of procurement after the first national VBP scheme. Certain regions streamline the process by referencing renewal outcomes from other provinces or national results. This decentralized model may lead to variations in renewal terms across regions. For example, Gansu and Liaoning provinces independently renewed expired national VBP schemes, adjusting terms based on local clinical needs and supply conditions. Sichuan, Chongqing, Inner Mongolia, Hubei, Yunnan, Tibet, Shaanxi and Ningxia formed an alliance to leverage shared procurement data and price linkage policies.

See "Regulatory Overview — Regulations and Policies on New Drugs — Volume-based Procurement Scheme and Bidding Process" for further details on VBP schemes.

Our Products Selected in the VBP Schemes

The following eight of our commercialized products were selected in VBP schemes. The following table sets out selected information of such products:

Products	National/ Provincial	Selected in VBP scheme since	End date of VBP inclusion validity period *(note)*
Anbili (安必力®)	National	February 2021	June 30, 2026
Ruiantuo (瑞安妥®)	National	June 2021	December 31, 2025
Haihuitong (海慧通®)	National	April 2023	December 31, 2025
Saixifu (賽西福®)	National	December 2024	December 31, 2027
Anyoufan (安优凡®)	Provincial	September 2022	December 31, 2025
Anliding (安立定®)	Provincial	December 2024	December 31, 2026
Haibiping (海必平®)	Provincial	June 2022	December 31, 2025
Haikexi (海可喜®)	Provincial	May 2024	June 30, 2026

Notes:

(1) For drug products which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validity period refers to the latest one. The start date for Haibiping (海必平®) in certain provinces is yet to be determined by relevant authorities.

(2) The inclusion in the VBP schemes for Anbili (安必力®), Ruiantuo (瑞安妥®), Anyoufan (安优凡®) and Haibiping (海必平®) had been extended through renewal biddings as of the Latest Practicable Date.

In terms of price setting and volume determination, as the alliances have the authority to formulate their own provincial VBP schemes, the evaluation, selection and negotiation process of each scheme may differ from each other and from the national VBP scheme to a certain extent.

We have historically participated in four first-time bids under the national VBP scheme and our success rate is 100%. For drugs that were unable to participate in the national VBP scheme due to their launch schedule, we have actively pursued their participation in provincial (including alliance) renewal biddings. Given the significant advantages in marketing and sales that VBP schemes bring to our generic drugs, we have consistently pursued these opportunities, conducting extensive research and preparation for both national and provincial VBP schemes. We decided to participate in VBP schemes based on several key factors, including the timeline of each bidding; our production costs and other expenses; the policies governing the bidding process (such as price cap for the product); the potential impact of the bid price on the national pricing system of our products; and the scope of drug categories included in the procurement, which determines whether our products are eligible for participation in the VBP schemes. A thorough evaluation of our potential competitors will also be conducted. We always seek to participate in VBP renewal biddings upon the expiration of the existing VBP schemes. The success rate for renewal biddings under provincial VBP schemes is subject to various factors, including whether our products meet the requirements or rules under each VBP scheme, and whether the product won the last national bid (as the original winner for a certain province under the national VBP schemes tends to have a strong advantages in that province during subsequent renewal biddings due to its extensive market coverage established during the exclusive validity periods of the national VBP schemes). VBP schemes allow various provinces to conduct separate VBP schemes or form alliances for collective procurement. Consequently, we consistently manage to win bids in other provinces during renewal periods, even if we fail in the national VBP scheme or certain provincial VBP schemes, mitigating the overall impact on our sales. Typically, the price difference of our drug products between bidding renewals and the first-time bidding is not very substantial. Additionally, our ongoing market expansion efforts enable us to enhance drug pricing or improve our overall pricing strategy while actively participating in VBP schemes for eligible newly launched drug products, further reducing the potential adverse effect of any failed renewals on our business operations or financial positions. Based on the above, our Directors are of the view that the modest fluctuations in the provinces or alliances where our drug products are selected in provincial VBP renewal biddings during the Track Record Period did not have a material adverse impact on us, given our strategic focus on leveraging our market coverage advantage established during the exclusive validity periods of the national VBP schemes and maintaining market presence. Going forward, we will make every effort to minimize the impact of such event in the future (if applicable) on our business operations or financial positions.

National Reimbursement Drug List

During the Track Record Period, all of our commercialized products were included in the NRDL. See "— Our Product Portfolio" in this section for further details. Our products undergo evaluation and approval procedure based on the NRDL's selection criteria before they are included in the NRDL. Inclusion in the NRDL ensures our products' medical insurance reimbursement eligibility and patient accessibility. However, this may also lead to a decrease in the price of our products in certain provinces due to the transparent, multi-party price negotiation mechanism. None of our products have been historically included in any national or provincial negative catalogues.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) suppliers for the raw materials of our products, (ii) CMOs providing product manufacturing services, (iii) CROs providing third-party contracting services for the research and development of our drug candidates, (iv) marketing service providers supporting our marketing planning and strategy, and (v) device and equipment manufacturers. We select our suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases from our five largest suppliers in aggregate in each year/period amounted to RMB55.3 million, RMB134.8 million, RMB244.1 million and RMB73.8 million, respectively, accounting for 46.5%, 55.7%, 52.8% and 53.8% of our total purchases in each year/period, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our purchases from our largest supplier in each year/period amounted to RMB16.7 million, RMB72.6 million, RMB91.3 million and RMB18.2 million, respectively, accounting for 14.0%, 30.0%, 19.7% and 13.3% of our total purchases in each year/period, respectively. Although we have maintained stable business relationships with our major suppliers, our business and results of operations can be materially affected if we fail to do so in the future. For details, see "Risk Factors — Risks Relating to our Reliance on Third Parties — We had a limited number of suppliers during the track record period and the loss of one or more of our key suppliers could disrupt our operations" in this prospectus.

All of our five largest suppliers in each year/period during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

The following table sets forth the details of our top five suppliers and our purchases from them in each year/period during the Track Record Period.

For the five months ended May 31, 2025

Ranking	Supplier	Supplier Background	Products/ Services Purchased	Purchase Amount *(RMB in thousands)*	% of the Total Purchases	Credit Terms	Commencement of Business Relationship
1	Supplier A	A technology company established in the PRC in 2016, headquartered in Beijing mainly focusing on the field of to B digital marketing of pharmaceutical companies	Marketing activities	18,183	13.3%	Cash on delivery	2023
2	Supplier B	A consulting company established in the PRC in 2006, headquartered in Fuzhou, Fujian mainly engaging in technical consulting, technology development and marketing activities	Marketing activities	17,148	12.5%	Cash on delivery	2023
3	Supplier C	A consulting company established in PRC in 2005, based in Hangzhou, Zhejiang mainly engaging in sales of medical devices and health consultant services (excluding medical services)	Marketing activities	14,940	10.9%	Cash on delivery	2023
4	Supplier D	A pharmaceutical company established in the PRC in 2004, headquartered in Chongqing and listed on Shenzhen Stock Exchange mainly engaging in pharmaceutical wholesaling, pharmaceutical retailing, health consulting services, and medical research and experimental development	Pharmaceutical products and collaborative R&D services	12,622	9.2%	Within ten business days	2018
5	Supplier E	A healthcare service company established in PRC in 2001, based in Fuzhou, Fujian mainly engaging in providing digital healthcare services, the shares of which are listed on the Main Board of the Stock Exchange	Digital healthcare and marketing services	10,900	8.0%	Cash on delivery	2024
Total				**73,793**	**53.8%**		

For the year ended December 31, 2024

Ranking	Supplier	Supplier Background	Products/ Services Purchased	Purchase Amount *(RMB in thousands)*	% of the Total Purchases	Credit Terms	Commencement of Business Relationship
1	Supplier F	An engineering construction company established in the PRC in 1989, headquartered in Tai'an, Shandong mainly focusing on engineering construction	Engineering construction	91,256	19.7%	Within one month	2023
2	Supplier A	A technology company established in the PRC in 2016, headquartered in Beijing mainly focusing on the field of to B digital marketing of pharmaceutical companies	Marketing activities	44,881	9.7%	Cash on delivery	2023
3	Supplier B	A consulting company established in the PRC in 2006, headquartered in Fuzhou, Fujian mainly engaging in technical consulting, technology development and marketing activities	Marketing activities	41,432	9.0%	Cash on delivery	2023
4	Supplier G	A group of companies primarily established in Germany in 1892, headquartered in Hamburg focusing on providing international industrial solutions	Manufacturing equipment	39,330	8.5%	Cash on delivery	2023
5	Supplier C	A consulting company established in PRC in 2005, based in Hangzhou, Zhejiang mainly engaging in sales of medical devices and health consultant services (excluding medical services)	Marketing activities	27,213	5.9%	Cash on delivery	2023
Total				**244,112**	**52.8%**		

For the year ended December 31, 2023

Ranking	Supplier	Supplier Background	Products/ Services Purchased	Purchase Amount *(RMB in thousands)*	% of the Total Purchases	Credit Terms	Commencement of Business Relationship
1	Supplier F	An engineering construction company established in the PRC in 1989, headquartered in Tai'an, Shandong mainly focusing on engineering construction	Engineering construction	72,638	30.0%	Within one month	2023
2	Supplier B	A consulting company established in the PRC in 2006, headquartered in Fuzhou, Fujian mainly engaging in technical consulting, technology development and marketing activities	Marketing activities	16,751	6.9%	Cash on delivery	2023
3	Supplier H	A healthcare technology company established in the PRC in 2017, headquartered in Shanghai mainly engaging in type II value-added telecommunications services and internet information services for pharmaceuticals	Marketing activities	16,090	6.6%	Cash on delivery	2022
4	Supplier A	A technology company established in the PRC in 2016, headquartered in Beijing mainly focusing on the field of to B digital marketing of pharmaceutical companies	Marketing activities	15,934	6.6%	Cash on delivery	2023
5	Supplier G	A group of companies primarily established in Germany in 1892, headquartered in Hamburg focusing on providing international industrial solutions	Manufacturing equipment	13,371	5.5%	Cash on delivery	2023
Total				**134,784**	**55.7%**		

For the year ended December 31, 2022

Ranking	Supplier	Supplier Background	Products/ Services Purchased	Purchase Amount *(RMB in thousands)*	% of the Total Purchases	Credit Terms	Commencement of Business Relationship
1	Supplier I	A pharmaceutical company established in the PRC in 2020, based in Yingtan, Jiangxi mainly engaging in pharmaceutical wholesaling, class III medical device business and medical device internet information services	Raw materials	16,699	14.0%	Within ten business days	2021
2	Supplier J	A pharmaceutical company established in the PRC in 2010, headquartered in Puning, Guangdong mainly engaging in pharmaceutical production, health food production, pharmaceutical retail and wholesale, and pharmaceutical internet information services	Outsourced manufacturing	11,270	9.5%	Within one month	2017
3	Supplier K	A technology company established in the PRC in 2021, based in Shanghai mainly engaging in technical consulting, technology transfer and development in the field of pharmaceutical science and technology	Clinical research services	10,423	8.8%	Within three months	2021
4	Supplier L	A medical sales company established in the PRC in 2003, headquartered in Shenzhen, Guangdong mainly engaging in wholesale of medical supplies and equipment	Marketing activities	9,086	7.6%	Cash on delivery	2022
5	Supplier M	A healthcare management company established in the PRC in 2019, headquartered in Nanjing, Jiangsu mainly engaging in health management consulting, hospital management, research and development and sales of pharmaceuticals and health foods	Marketing activities	7,828	6.6%	Cash on delivery	2021
Total				**55,306**	**46.5%**		

CUSTOMERS

During the Track Record Period, our revenue was primarily derived from the sales of our products. Our customers mainly consist of (i) pharmaceutical distribution companies and (ii) pharmacies and other retailers.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue generated from our five largest customers in aggregate in each year/period amounted to RMB180.8 million, RMB231.9 million, RMB338.9 million and 178.8 million, respectively, accounting for 85.1%, 73.3%, 72.6% and 71.7% of our total revenue, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue from our largest customer in each year/period amounted to RMB125.0 million, RMB153.7 million, RMB212.7 million and 111.0 million, respectively, accounting for 58.8%, 48.5%, 45.6% and 44.5% of our total revenue in each year/period, respectively. Our reliance on a limited number of customers reflects China's procurement regime under the VBP schemes and aligns with industry norms, according to CIC. For more information on the risks related to customer concentration, see "Risk Factors — Risks Relating to Our Reliance on Third Parties — We are subject to high customer concentration risk" in this prospectus. All of our five largest customers in each year/period during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our five largest customers during the Track Record Period.

The following table sets forth the details of our top five customers and our revenue generated from them in each year/period during the Track Record Period.

For the five months ended May 31, 2025

Ranking	Customer	Customer Background	Products/ Services Purchased	Revenue Amount *(RMB in thousands)*	% of the Total Revenue	Credit Terms	Commencement of Business Relationship
1	Customer A	A pharmaceutical company established in the PRC in 1987, headquartered in Beijing mainly engaging in the wholesale of pharmaceuticals, pharmaceutical industry investment and related consulting services	Pharmaceutical products	110,997	44.5%	Cash on delivery	2020
2	Customer B	A pharmaceutical company established in the PRC in 1994, headquartered in Shanghai and listed on the Shanghai Stock Exchange and the Stock Exchange mainly engaging in the research and development, manufacturing and sales of pharmaceutical products, healthcare products, medical devices and related products	Pharmaceutical products	24,438	9.8%	Cash on delivery	2021
3	Customer C	A pharmaceutical company established in the PRC in 1997, headquartered in Shaoxing, Zhejiang and listed on the Shanghai Stock Exchange mainly engaging in research and development, production and sales of pharmaceutical, healthcare and nutritional products and chemicals	Pharmaceutical products	18,528	7.4%	Cash on delivery	2020
4	Customer D	A pharmaceutical company established in the PRC in 2007, headquartered in Beijing and listed on the Stock Exchange mainly engaging in manufacturing, distribution and retailing of pharmaceutical and healthcare products	Pharmaceutical products	13,560	5.4%	Cash on delivery	2021
5	Customer E	A common technology company established in the PRC in 1998, headquartered in Beijing mainly focusing on the fields of advanced manufacturing and technical services, healthcare, and trade and engineering services	Pharmaceutical products	11,270	4.5%	Cash on delivery	2021
Total				**178,793**	**71.7%**		

For the year ended December 31, 2024

Ranking	Customer	Customer Background	Products/ Services Purchased	Revenue Amount *(RMB in thousands)*	% of the Total Revenue	Credit Terms	Commencement of Business Relationship
1	Customer A	A pharmaceutical company established in the PRC in 1987, headquartered in Beijing mainly engaging in the wholesale of pharmaceuticals, pharmaceutical industry investment and related consulting services	Pharmaceutical products	212,664	45.6%	Cash on delivery	2020
2	Customer B	A pharmaceutical company established in the PRC in 1994, headquartered in Shanghai and listed on the Shanghai Stock Exchange and the Stock Exchange mainly engaging in the research and development, manufacturing and sales of pharmaceutical products, healthcare products, medical devices and related products	Pharmaceutical products	48,209	10.3%	Cash on delivery	2021
3	Customer C	A pharmaceutical company established in the PRC in 1997, headquartered in Shaoxing, Zhejiang and listed on the Shanghai Stock Exchange mainly engaging in research and development, production and sales of pharmaceutical, healthcare and nutritional products and chemicals	Pharmaceutical products	32,718	7.0%	Cash on delivery	2020
4	Customer D	A pharmaceutical company established in the PRC in 2007, headquartered in Beijing and listed on the Stock Exchange mainly engaging in manufacturing, distribution and retailing of pharmaceutical and healthcare products	Pharmaceutical products	25,295	5.4%	Cash on delivery	2021
5	Customer E	A common technology company established in the PRC in 1998, headquartered in Beijing mainly focusing on the fields of advanced manufacturing and technical services, healthcare, and trade and engineering services	Pharmaceutical products	19,978	4.3%	Cash on delivery	2021
Total				**338,864**	**72.6%**		

For the year ended December 31, 2023

Ranking	Customer	Customer Background	Products/ Services Purchased	Revenue Amount *(RMB in thousands)*	% of the Total Revenue	Credit Terms	Commencement of Business Relationship
1	Customer A	A pharmaceutical company established in the PRC in 1987, headquartered in Beijing mainly engaging in the wholesale of pharmaceuticals, pharmaceutical industry investment and related consulting services	Pharmaceutical products	153,688	48.5%	Cash on delivery	2020
2	Customer D	A pharmaceutical company established in the PRC in 2007, headquartered in Beijing and listed on the Stock Exchange mainly engaging in manufacturing, distribution and retailing of pharmaceutical and healthcare products	Pharmaceutical products	25,732	8.1%	Cash on delivery	2021
3	Customer B	A pharmaceutical company established in the PRC in 1994, headquartered in Shanghai and listed on the Shanghai Stock Exchange and the Stock Exchange mainly engaging in the research and development, manufacturing and sales of pharmaceutical products, healthcare products, medical devices and related products	Pharmaceutical products	24,642	7.8%	Cash on delivery	2021
4	Customer C	A pharmaceutical company established in the PRC in 1997, headquartered in Shaoxing, Zhejiang and listed on the Shanghai Stock Exchange mainly engaging in research and development, production and sales of pharmaceutical, healthcare and nutritional products and chemicals	Pharmaceutical products	15,436	4.9%	Cash on delivery	2020
5	Customer F	A pharmaceutical company established in the PRC in 2002, headquartered in Kunming, Yunnan mainly engaging in sales of medicinal herbs, drugs, medical devices, health food, and agricultural and sideline products	Pharmaceutical products	12,445	3.9%	Cash on delivery	2021
Total				**231,943**	**73.3%**		

For the year ended December 31, 2022

Ranking	Customer	Customer Background	Products/ Services Purchased	Revenue Amount *(RMB in thousands)*	% of the Total Revenue	Credit Terms	Commencement of Business Relationship
1	Customer A	A pharmaceutical company established in the PRC in 1987, headquartered in Beijing mainly engaging in the wholesale of pharmaceuticals, pharmaceutical industry investment and related consulting services	Pharmaceutical products	124,965	58.8%	Cash on delivery	2020
2	Customer D	A pharmaceutical company established in the PRC in 2007, headquartered in Beijing and listed on the Stock Exchange mainly engaging in manufacturing, distribution and retailing of pharmaceutical and healthcare products	Pharmaceutical products	17,269	8.1%	Cash on delivery	2021
3	Customer B	A pharmaceutical company established in the PRC in 1994, headquartered in Shanghai and listed on the Shanghai Stock Exchange and the Stock Exchange mainly engaging in the research and development, manufacturing and sales of pharmaceutical products, healthcare products, medical devices and related products	Pharmaceutical products	16,035	7.5%	Cash on delivery	2021
4	Customer F	A pharmaceutical company established in the PRC in 2002, headquartered in Kunming, Yunnan mainly engaging in sales of medicinal herbs, drugs, medical devices, health food, and agricultural and sideline products	Pharmaceutical products	11,266	5.3%	Cash on delivery	2021
5	Customer G	A pharmaceutical company established in the PRC in 2004, headquartered in Chongqing and listed on Shenzhen Stock Exchange mainly engaging in pharmaceutical wholesaling, pharmaceutical retailing, health consulting services, and medical research and experimental development	Pharmaceutical products and collaborative R&D services	11,228	5.3%	Cash on delivery	2015
Total				**180,763**	**85.1%**		

OVERLAPPING CUSTOMERS AND SUPPLIERS

In 2022, 2023, 2024 and the five months ended May 31, 2025, to the best knowledge and belief of our Directors, one, nil, nil and nil of our top five customers were also our suppliers in the respective years/period. During the same years/period, our purchases from such customer accounted for 0.3%, nil, nil and nil, respectively, of our total purchases from continuing operations, and our total sales to such customer accounted for 5.3%, nil, nil and nil, respectively, of our revenue. During the Track Record Period, the products and services we provided to such customer mainly included pharmaceutical products and collaborative R&D services, and the major services fees we paid are related to commissioned manufacturing services.

In 2022, 2023, 2024 and the five months ended May 31, 2025, to the best knowledge and belief of our Directors, one, nil, two and two of our top five suppliers were also our customers. During the same years/period, our purchases from such suppliers accounted for 6.6%, nil, 14.9% and 21.7%, respectively, of our total purchases from continuing operations and our sales to such suppliers accounted for 0.1%, nil, 0.6% and 1.1% of our revenue, respectively. The gross profit margin derived from our top five suppliers which were also our customers in 2022 was 82.1%. The gross profit margin derived from our top five customers which were also our suppliers in 2022 and 2024 was 80.1% and 72.5%, respectively. During the Track Record Period, the products and services we provided to such suppliers mainly included sales and marketing of pharmaceutical products, and major services fees we paid are related to the services it provided to support our sales and marketing activities.

According to CIC, it is common in the pharmaceutical industry in China for suppliers and customers to overlap, given their broad and diverse range of business activities. Our Directors confirmed that negotiations of the terms of our purchases from and sales to these distributors and partners as both of our suppliers and customers were conducted separately and as a result, the purchases and sales were neither connected with nor conditional upon each other.

IMPACT OF THE COVID-19 OUTBREAK

As of the Latest Practicable Date, the outbreak of COVID-19 had not had any material adverse impact on our business operation or financial performance, because we did not experience any major delay or disruption to our operations during that period. Specifically, the production or the product delivery schedules of our CMOs were executed without any material delays or disruptions caused by the COVID-19 pandemic. Furthermore, our financial performance demonstrated consistent growth throughout the Track Record Period, with year-on-year increases in revenue, gross profit, and net income. In addition, the R&D progress of our drug products or drug candidates were not materially impacted by the outbreak of COVID-19. Given that the PRC government has substantially lifted its COVID-19 prevention and control policies since December 2022, our Directors are of the view that it is unlikely that the COVID-19 will have a material adverse impact on our business going forward.

COMPETITION

The pharmaceutical industries in China are characterized by rapidly advancing technologies and fierce competition. While we believe that our research and development experience and operational history provide us with competitive advantages, we are exposed to potential competition from many different sources, including national and regional manufacturers of products similar to ours as well as large state-owned pharmaceutical companies.

We face competition from products targeting similar indications as ours, based on factors such as efficacy, safety, price, brand reputation, and overall market acceptance. Key competitors vary depending on the product. Some competitors may possess greater financial and R&D resources and might allocate those resources to developing, importing, or licensing and marketing substitutes for our products in China. Additionally, they may have more extensive sales and marketing networks than we do. For details of the major competitors of our products, see "Industry Overview" in this prospectus.

INSURANCE

We maintain (i) product liability insurance covering our commercialized products; and (ii) clinical trial insurance covering us against liability in the event of injury to any trial subject caused by serious adverse events in our clinical trials. During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance policies are in line with market practice and adequate for our business. However, the risks related to our business and operations may not be fully covered by insurance. For details, see "Risk Factors — Other Risks Relating to Our Operations — We may not have sufficient insurance to cover our business risks" in this prospectus.

EMPLOYEES

As of the Latest Practicable Date, we had 202 employees, all of whom were based in China. The following table sets forth a breakdown of our employees by function as of the same date:

Function	Number of Employees	% of Total
Sales and marketing	37	18.2
Research and development	112	55.2
General and administrative	54	26.6
Total	**203**	**100.0**

We believe that our success depends in part on our ability to attract, recruit and retain talented staffs. We recruit our employees primarily through online platforms, recruiting websites, on-campus recruiting events and headhunter referral.

The individual employment contracts and confidentiality agreements that we enter into with our employees cover matters such as wages, bonuses, employee benefits and grounds for termination. These employment contracts typically have terms of three years. We make contributions to social insurance funds for our Chinese employees in the PRC, including basic pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance funds, and housing provident fund. During the Track Record Period, the social insurance premiums and housing fund contributions we paid for our employees were calculated based on amounts lower than their actual salary income. In 2022, 2023 and 2024, the estimated shortfall amounts of the social insurance and housing provident fund contributions, calculated based on the prevailing regulatory requirements, were RMB2.7 million, RMB3.4 million and RMB4.8 million, respectively. For details, see "Risk Factors — Other Risks Relating to Our Operations — We may be subject to additional social insurance fund and housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities" in this prospectus. If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and adopt rectification measures as soon as possible within the specified period, subject to the cooperation of each of our employees to make full contributions of social insurance and housing provident funds going forward. In addition, we will proactively communicate with relevant local authorities to keep up to date with the applicable laws and regulations concerning social insurance and housing provident funds. We will also communicate such updates with our employees to allow them to better understand the relevant laws and regulations, enhancing their understanding on the regulatory requirements so as to enhance our compliance with the applicable laws and regulations.

We conduct new staff training to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees on a regular basis in addition to on-the-job training. These include internal training and development programs and external training sessions from time to time to improve our employees' technical skills and ensure their awareness and compliance with our various policies and procedures.

Our employees are currently represented by a labor union. We believe that we maintain a good working relationship with our employees, and we did not experience any material labor disputes or any material difficulties in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

LAND AND PROPERTIES

We own and lease a number of properties in Fuzhou, Fujian Province in China. The following table sets forth a summary of the properties owned or leased by us as of the Latest Practicable Date.

Location	Type of Property	Area *(sq.m.)*	Ownership	Term/Expiry Date
Changle District, Fuzhou	Facilities	56,352 (parcel)/ 90,102.11 (GFA)	Owned	January 15, 2073
Cangshan District, Fuzhou	Facilities and office	3,458 (GFA)	Leased	August 7, 2030
Cangshan District, Fuzhou	Facilities and office	1,152 (GFA)	Leased	December 31, 2026

We have engaged AVISTA Valuation Advisory Limited, an independent property valuer, to conduct valuation of our facilities in Changle District, Fuzhou as of May 31, 2025. AVISTA Valuation Advisory Limited valued our interest in such properties at an amount of RMB225.8 million as of May 31, 2025. For details, see "Appendix III — Property Valuation Report" in this prospectus. Except for the property interests set forth in the Property Valuation Report, no single property interest that forms part of our non-property activities had a carrying amount representing 15% or more of our total assets as of May 31, 2025.

INTELLECTUAL PROPERTY

Intellectual property rights are central to the success of our business. Our success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating valid, enforceable intellectual property rights of third parties.

As of the Latest Practicable Date, we owned 37 patent and had filed six patent applications in multiple countries and regions, including the PRC, the U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries. The following table sets forth an overview of our material patents and the patent applications that we had filed in connection with our products as of the Latest Practicable Date.

Patent Name	Patent Type	Patent/Patent Application Number	Jurisdiction	Patent Holder	Expiration Date
A group of compounds that enhance kinase activity and their applications (一組提高激酶活性的化合物及其應用)	Invention	ZL201180053876.7	PRC	The Company and Betta Pharmaceuticals Co., Ltd.	November 8, 2031
A group of compounds that enhance kinase activity and their applications (一組提高激酶活性的化合物及其應用)	Invention	ZL201410464622.X	PRC	The Company and Betta Pharmaceuticals Co., Ltd.	November 8, 2031
A synthesis method for an intermediate of hydrochloride cinacalcet (一種鹽酸西那卡塞中間體的合成方法)	Invention	ZL201911282962.X	PRC	The Company	December 12, 2039
A synthesis method for mosapride citrate (一種枸櫞酸莫沙必利的合成方法)	Invention	ZL202010267041.2	PRC	The Company	April 6, 2040
A pharmaceutical composition containing celecoxib and its preparation method (一種含有塞來昔布的藥物組合物及其製備方法)	Invention	ZL202010341598.6	PRC	The Company	April 26, 2040
Compounds and their use in the synthesis of brivaracetam intermediates and APIs (化合物及其在合成布瓦西坦(Brivaracetam)中間體及原料藥中的用途)	Invention	ZL201980004099.3	PRC	The Company	June 19, 2039
A pharmaceutical composition containing atorvastatin calcium and its preparation method (一種含有阿托伐他汀鈣的藥物組合物及其製備方法)	Invention	ZL202010440333.1	PRC	The Company	May 21, 2040

Patent Name	Patent Type	Patent/Patent Application Number	Jurisdiction	Patent Holder	Expiration Date
A synthesis method for hydroxychloroquine sulfate (一種硫酸羥氯喹的合成方法)	Invention	ZL202110084900.9	PRC	The Company	January 21, 2041
A method for preparing ursodeoxycholic acid using an electrochemical microchannel reaction device (一種電化學微通道反應裝置製備熊去氧膽酸的方法)	Invention	ZL202110273869.3	PRC	The Company	March 14, 2041
A method for preparing amlodipine benzenesulfonate intermediate using a microreaction device (一種利用微反應裝置製備苯磺酸氨氯地平中間體的方法)	Invention	ZL202110273810.4	PRC	The Company	March 14, 2041
A synthesis method for citalopram intermediates (一種西酞普蘭中間體的合成方法)	Invention	ZL202010263399.8	PRC	The Company	April 6, 2040
A method for preparing hydrochloride cinacalcet drug intermediates (一種用於製備鹽酸西那卡塞藥物中間體的方法)	Invention	ZL202011399920.7	PRC	The Company	December 12, 2039
A preparation method for hydroxychloroquine sulfate (一種硫酸羥氯喹的製備方法)	Invention	ZL202110399893.1	PRC	The Company	April 13, 2041
A synthesis method for rosuvastatin acetate (一種羅沙替丁醋酸酯的合成方法)	Invention	ZL202110404728.0	PRC	The Company	April 14, 2041
Heteroaryl compounds as protein kinase inhibitors (作為蛋白激酶抑制劑的雜芳化合物)	Invention	ZL201980005170.X	PRC	The Company	March 12, 2039
A synthesis method for celecoxib (一種塞來昔布的合成方法)	Invention	ZL202010284455.6	PRC	The Company	April 12, 2040

Patent Name	Patent Type	Patent/Patent Application Number	Jurisdiction	Patent Holder	Expiration Date
A synthesis method for the active pharmaceutical ingredient of rebamipide (一種瑞巴派特原料藥的合成方法)	Invention	ZL202210701326.1	PRC	The Company	June 20, 2042
A method for producing atorvastatin calcium using a microreaction device (一種利用微反應裝置生產阿托伐他汀鈣的方法)	Invention	ZL202010355535.6	PRC	The Company	April 28, 2040
Compounds and their use in the synthesis of brivaracetam active pharmaceutical ingredients (化合物及其在合成布瓦西坦(Brivaracetam)原料藥中的用途)	Invention	ZL202080002479.6	PRC	The Company	January 7, 2040

We may rely, in some circumstances, on trade secrets and/or confidential information to protect our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees and non-compete agreement with our key scientific personnel and management personnel. In addition, our employment agreements stipulate that all inventions and creations made or developed by our employees during their employment while performing tasks assigned by us or primarily utilizing our material and technical resources shall belong to us.

During the Track Record Period, we conduct our business under the trade name "HXP" and respective word trademarks for each of our products. For details of trademarks and other intellectual property rights material to our business and operation, see "Appendix VII — Statutory and General Information" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had not (i) been sued on the basis of, (ii) undergone arbitration in respect of, or (iii) received any notification from third parties claiming infringement of, any intellectual property or sales of counterfeit products that have had a material adverse effect on our business. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of the infringement of any intellectual property of third parties or sales of counterfeit products that had a material adverse effect on our business. Despite our efforts and internal control measures adopted to protect intellectual property, we are still subject to risks relating to intellectual property rights. For details, see "Risk Factors — Risks Relating to Our Intellectual Property Rights" in this prospectus.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MATTERS

ESG Governance

Led by the Board of Directors (the "**Board**"), we are fully committed to integrating ESG considerations into our business operations for sustainable growth and better business resilience in response to the transition to a low-carbon economy, which is a prevailing cross-industry concern, including the industry of our Group's business. A robust ESG governance structure lays a solid foundation for our long-term development and creation of sustainable value to our key stakeholders.

The Board has the overall and collective responsibility for the oversight of ESG issues, including but not limited to, ESG strategy and management approach, ESG policy and practice, ESG-related risk and opportunity management, and review of progress made against metrics and targets to manage material ESG-related risks (including climate-related risks), with an emphasis to ensure the relevant results and progress align with the Group's future development and positioning. The Board has engaged an independent ESG consultant to assess ESG risks and review the Group's existing strategies, objectives and internal controls, and will implement necessary improvements to mitigate the risks.

Delegated by the Board, an ESG working group consisting of senior executives and heads of major business units or functional departments, has been established to drive the planning and implementation of the Group's ESG-related matters, such as employment and labor practices, occupational health and safety, product responsibility, supply chain management and business ethics. The aim of the ESG working group is to provide relevant information to and to advise the Board on ESG-related matters and its duties and responsibilities include the following:

- Development, implementation, and review of ESG framework, management approach, strategy and initiatives of the Group;

- Identification, assessment, prioritization and management of material ESG-related risks and opportunities (including but not limited to climate-related risks and ESG-related risks along the supply chain, ESG-related risks and opportunities in the Group's strategy and decision-making or major transactions);

- Formulation, implementation and review of ESG-related policies, action plans and practices;

- Monitoring and evaluation of the Group's ESG performance and progress against targets and goals (For details of the Group's ESG-related metrics and targets, see "Environmental Metrics and Targets" and "Social Metrics and Targets" below);

- Reviewing and monitoring the effectiveness of the Group's stakeholder engagement channels;

- Keeping track of stakeholders' feedback (including the review and approval of material issues and materiality matrix), latest market trends and peer performances on ESG;

- Arranging training and ongoing professional development on ESG topics for directors and senior management;

- Gathering and analyzing data required for the ESG Report, including key ESG performance indicators on an annual basis;

- Preparation of an annual ESG Report and an ESG-related risk and opportunity assessment report for the Board's approval; and

- Reporting to the Board on ESG performance, relevant risks and opportunities, and the progress of related action plans.

Identification and Management of ESG-related Risks and Opportunities

The ESG working group is responsible for identifying, assessing, prioritizing and managing material ESG-related risks and opportunities. The ESG working group submits an ESG risk and opportunity assessment report to the Board at least once a year. The Board is responsible for reviewing the effectiveness of the ESG risk management process and provides guidance when necessary and retains ultimate responsibility for oversight of the Group's risk management activities.

The ESG risk and opportunity assessment report identifies material ESG risks and opportunities relevant to the Group, as either negative or positive, actual or potential, based on our business nature, industry research, as well as with reference to local and international reporting frameworks. The Group, with the assistance of third-party ESG consultants, has identified material ESG-related risks and opportunities that are highly relevant to our Group's business. The identified material ESG risks are evaluated by their likelihood and significance in terms of business, strategic, and financial impacts, and are given inherent risk rating scores. Residual risk rating scores are then produced by considering how our ESG-related risk control measures may impact the significance and likelihood of the risks. The ESG risks are then ranked and prioritized according to their residual risk rating scores. A similar methodology is devised to evaluate the significance and likelihood of material ESG opportunities. The corresponding measures have been formulated and implemented to mitigate material ESG-related risks and capture potential ESG-related opportunities.

Set forth below is a summary of identified material ESG-related risks and opportunities and the corresponding measures that have been formulated.

ESG-related risks	Timeframe	Potential impacts	Our responses
Climate-related physical risks			
Acute risks: The increased severity and frequency of extreme weather events due to climate change (e.g., typhoons, rainstorms, floods)	Short, medium and long term	Damage to property and assets in our operating locations, which may adversely impact our financial results Disruption to business operation and supply chain and logistics arrangement	We have closely monitored the local weather forecast and have reminded our staff to be familiar with business contingencies, such as inspecting roofs, walls, doors, and windows, as well as implementing emergency protective measures
Climate-related transition risks			
Policy and legal risks: Evolving climate-related laws and regulations in transition to a lower-carbon economy, including China's 2060 carbon neutral goal	Medium to long term	Increase in compliance and operating costs	We regularly and closely monitor the latest regulatory changes in laws, policies and regulations, as well as have established effective communication channels to promptly communicate any climate policy updates to our employees to ensure timely compliance
Other ESG-related risks			
Supply chain risks: Energy consumed and GHG emissions released along the supply chain	Medium to long term	Increase in reputational and operational risks	We encourage our suppliers to explore opportunities to reduce environmental impact in their daily operations and manufacturing processes We have established policies which require suppliers to comply with environmental laws and regulations, as well as minimize energy consumption where possible

ESG-related risks	Timeframe	Potential impacts	Our responses
Supplier product quality and supply chain stability: Failure to meet customer expectations due to poor supplier product and service quality, and poor supply chain stability	Short, medium and long term	Increase in reputational risks, which may adversely impact our financial results	We have established a procurement policy, which specifies the supplier evaluation process, review frequency and criteria. This includes the consideration of suppliers' product quality, technical ability and the ability to deliver goods in a timely manner We will maintain stable long-term partnerships with major suppliers to ensure supply chain stability
Climate-related opportunities **Resource efficiency:** Increasing market and/ or customer demand for adoption of equipment with higher energy efficiency and enhanced operational efficiency	Short to medium term	Decrease in operating costs through the application of energy-efficient equipment	We have implemented measures to improve energy efficiency, such as the replacement of lighting systems with energy-efficient alternatives, the adoption of electric vehicles, and the optimization of electrical and HVAC systems where needed
Markets: Increasing demand for specific medical and pharmaceutical products driven by the impact of climate change on human health, such as heat-related illnesses (e.g., heat cramps or heat exhaustion) as well as worsening chronic conditions (e.g., cardiovascular and respiratory diseases) due to extreme high temperatures	Medium to long term	Increase in operating revenue driven by growing market demand and health needs	We continuously conduct R&D and regular market research We focus on talent development by providing product innovation training, ensuring employees stay informed about the latest health trends

ESG Policy

We are committed to incorporating ESG factors into our business decision-making process. As such, we have established a group-level ESG policy complemented by a set of measures and initiatives to guide our actions and measures to strengthen our sustainability efforts.

Environment

Our environmental policy outlines our green practices and measures (as far as practicable), with a focus on emission reduction, waste reduction, resource conservation, protection of environmental and natural resources, as well as addressing climate change.

Air Emissions Management

We are continuously exploring measures to minimize air emissions from our business operations, including but not limited to ensuring the proper maintenance of company vehicles and considering the adoption of electric vehicles.

Energy and Greenhouse Gas Emissions Management

The major sources of our energy consumption and greenhouse gas (GHG) emissions (scopes 1 and 2) include the use of purchased electricity in our operations as well as fuel consumption. To manage our energy consumption and reduce GHG emissions, we have implemented relevant policies and adopted a series of energy saving measures, to actively promote energy consumption reduction in our daily operations. These include the adoption of energy efficient equipment and LED lighting system, the use of natural light, requiring employees to turn off lights, air conditioning, and other electrical equipment before leaving the office, or setting up automatic power shutdown for certain systems and devices when they are not in use, etc. We will also consider the possibility of solar panel installation at our in-house manufacturing facility, Changle Facility, user sensors or motion sensors in our lighting system where feasible, as well as the possibility of replacing our current vehicles with electric or hybrid vehicles in the future. We also encourage our employees to practice green commuting and prioritize low-carbon travel options.

Water Consumption

The water consumption of the Group mainly comes from the use of municipal water in our operations. To conserve water resources, we have implemented relevant policies and adopted a series of water saving measures, including timely inspecting pipes and faucets and repairing dripping taps, adopting water equipment that meets water efficiency label requirements, as well as monitoring water consumption. We also remind our employees to minimize water consumption through internal communications channels, provide tips to them on water-saving practices, and encourage them to actively participate in water-saving publicity activities.

Waste Management and Use of Resources

The major source of our non-hazardous waste comes from general refuse while hazardous waste primarily includes waste organic solvents during R&D process. We strive to minimize our impact by ensuring that all waste is properly handled and disposed of, employing licensed third-parties to collect and handle all waste generated when necessary. With regard to hazardous waste and wastewater management, we have established relevant policies and measures to ensure they are handled responsibly and in compliance with applicable laws and regulations.

In terms of hazardous waste management, we have implemented relevant policies to govern the collection, storage, transfer, treatment and disposal of hazardous waste in compliance with applicable laws and regulations, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Solid Waste Pollution Prevention and Control Law of the PRC (《中華人民共和國固體廢物污染環境防治法》), and the Standard for Pollution Control on Hazardous Waste Storage (《危險廢物貯存污染控制標準》) issued by the Ministry of Ecology and Environment of the PRC. We have established a pollution prevention and control group to raise awareness and provide training on hazardous waste management. Regular emergency drills will also be conducted to enhance preparedness for potential hazardous waste leakage incidents.

We store our hazardous waste in designated areas and containers with proper labeling and record-keeping, which are then handled by licensed third-parties in compliance with regulatory requirements. We assign designated personnel to continuously monitor our hazardous waste management practices. In addition, to minimize non-hazardous waste generation, we have implemented relevant policies and measures such as promoting recycling by implementing waste sorting, implementing double-sided printing to reduce paper consumption and reminding our employees to minimize waste generation through internal communications channels.

Environmental Metrics and Targets

To advance our commitment to environmental protection, we have established the following reduction targets by 2030, using 2024 as the baseline, with the assumption of constant related emission factors and taking into account future business operations, including new production lines and manufacturing facility upgrades.

- Reduce GHG emissions (Scopes 1 and 2) intensity (tCO_2e/RMB'0,000 revenue) by 5%;
- Reduce electricity consumption intensity (MWh/RMB'0,000 revenue) by 5%; and
- Reduce water consumption intensity (m^3/RMB'0,000 revenue) by 5%.

To achieve these targets, we will implement measures including but not limited to, using energy-efficient equipment, considering the possibility of solar panel installation at our in-house manufacturing facility as well as user sensors or motion sensors in our lighting system where feasible.

In addition, to achieve our water consumption reduction target, we will conduct regular maintenance and inspections of water pipes and faucets to eliminate leaks, as well as promoting water conservation through ongoing employee awareness initiatives, including reminders and practical tips.

The table below sets forth key environmental metrics of our business operations[1, 2]:

	Unit	For the year ended December 31, 2022	2023	2024	For the five months ended May 31, 2025
Emissions					
GHG emissions[3, 4]					
Total (Scopes 1, 2)	tCO_2e	231.56	295.42	1,321.17	1,199.47
Total (Scopes 1, 2, 3)	tCO_2e	507.12	840.56	1,469.43	1,263.60
(i) Direct emissions (Scope 1)	tCO_2e	6.58	5.81	100.15	111.89
(ii) Energy indirect emissions (Scope 2)	tCO_2e	224.98	289.61	1,221.02	1,087.58
(iii) Other indirect emissions (Scope 3)[5]	tCO_2e	275.56	545.14	148.26	64.13
Total (Scopes 1, 2) intensity	tCO_2e/ RMB'0,000 revenue	0.01	0.01	0.03	0.05
Total (Scopes 1, 2, 3) intensity	tCO_2e/ RMB'0,000 revenue	0.02	0.03	0.03	0.05
Use of Resources					
Energy					
Total	MWh	391.29	494.59	820,576.42	920,908.13
(i) Purchased electricity	MWh	368.76	474.70	2,001.34	1,782.63
(ii) Unleaded petrol	MWh	22.53	19.89	11.36	4.63
(iii) Liquefied natural gas	MWh	–	–	818,563.73	919,113.95
(iv) Diesel	MWh	–	–	–	6.92
Intensity	MWh/ RMB'0,000 revenue	0.02	0.02	17.58	36.95
Water					
Total	m^3	962.00	1,410.00	17,958.00	21,523.00
Intensity	m^3/ RMB'0,000 revenue	0.05	0.04	0.38	0.86

[1] The data covers our major business operations.

[2] Totals may not be the exact sum of numbers stated here due to rounding.

[3] The increase in GHG emissions was primarily due to increased consumption of purchased electricity, liquefied natural gas, and diesel generated from the commencement of process validation in 2024 at the Changle facility, which is our manufacturing facility in Changle, Fuzhou, and had yet to generate revenue up till May 31, 2025.

[4] The calculation of GHG emissions made reference to the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Scope 1 (Direct) emissions cover GHG emissions directly produced by business owned or controlled by the Group, Scope 2 (Indirect) emissions cover GHG emissions of indirect energy resulted from purchased electricity consumed by our operations, while Scope 3 (Other Indirect) emissions that occur in the Group's value chain.

[5] The Scope 3 emissions include those arising from Category 2: capital goods and Category 7: employee commuting.

Social

We are committed to fostering a caring workplace culture that upholds diversity, equal opportunities, health and safety and employee well-being. Our social policy has outlined socially responsible practices and measures.

Employment and Labor Practice

We aim to build an inclusive and diverse workforce. We uphold principles of equal opportunity, diversity, and inclusiveness in all aspects of employment, including compensation, recruitment, promotion, benefit, and welfare. We respect labor rights, and we strictly prohibit the recruitment and use of child labor.

We are committed to continually investing in our workforce. To this end, we actively provide internal and external training to equip our employees with professional knowledge, skills, and competence, we also encourage employees to actively participate in various training programs during their spare time to enhance their personal and professional skills. In addition, we strive to strengthen employee engagement by regularly arranging leisure activities for our employees and maintaining two-way communications with our employees, to increase their overall job satisfaction.

Occupational Health and Safety

We strive to safeguard employees' health and safety across all levels of business operations by establishing and implementing health and safety policies and measures, as well as organizational structures for operational safety management, which is responsible for our overall production safety in R&D activities and fire safety efforts. We provide relevant safety training for employees, including training related to chemicals handling and first-aid, and make sure they complete the trainings and assessments before they can start to work with us. We also arrange health examinations for our employees. We conduct regular safety inspections, and promptly address any identified safety hazards with feedback and corrective actions.

We have established emergency response measures and plans specifying the appropriate procedures and departments responsible for handling emergencies, such as hazardous waste spills, fire, and explosion. We also provide employees with necessary safety protective equipment. Additionally, we have developed a system of recording and handling accidents, which specifies that employees should notify their department head and that accidents should be handled according to the procedures specified by the applicable laws and regulations. Our chairman of the board and each department head will enter into a safety responsibility agreement, under which they take ownership of occupational safety matters within their respective job responsibilities.

During the Track Record Period and as of the Latest Practicable Date, we did not record any material non-compliance or material accidents in the Group with regards to occupational health and safety.

Supply Chain Management

We have established a supply chain ESG risk management policy and supplier code of conduct, which lay out our sustainability expectations including but not limited to employment practices, health and safety, business ethics, data privacy as well as environmental protection. Our new supplier selection and regular supplier evaluation criteria include ESG considerations, including but not limited to environmental management, fair labor practices and ethical business practices. On-site inspections are conducted when necessary to ensure our sustainability expectations are met.

To advance our efforts on providing environmentally preferable products and services, we have established relevant green procurement policies and implemented measures including but not limited to prioritizing products with higher energy efficiency, as well as encouraging our suppliers to adopt environmentally friendly products and services.

Distributor Management

We have formulated the distributor management policy and code of conduct for distributors, which lay out our sustainability expectations including but not limited to employment practices, health and safety, business ethics, data privacy as well as environmental protection.

Product Responsibility

We are committed to delivering high-quality and safe products and services for our customers. As such, we have established comprehensive quality control and assurance procedures that adhere to applicable national regulatory standards, supported by our quality assurance team and quality control team. Moreover, we have established measures throughout our operations, from selection of qualified suppliers, quality control in the procurement of raw materials, quality assurance during production to the delivery of finished products, to ensure the quality of our products and services. These measures include but not limited to specifying our quality-related requirements in supplier agreements, regular on-site inspections, establishing quality control procedures, as well as product and raw material quality inspection guidelines. For details, see "— Quality Management" above in this section.

To ensure customer satisfaction, we have put in place procedures for handling customer complaints. As of the Latest Practicable Date, we did not receive any material customer complaints. To safeguard customer privacy, we have also established preventive and protection measures, including user access restrictions to customer information.

We have established relevant policies as a guide for our employees to ensure the authenticity and reliability of our product labeling materials, which undergo thorough review before publication to ensure compliance and prevent false or misleading information.

Business Ethics

We uphold the highest standards of business ethics, and strictly prohibit bribery, extortion, fraud, money laundering and any other unethical practices. In response to recent regulatory developments, including the Key Points on Rectifying Unethical Practices Relating to Services and Procurement in the Healthcare Sector jointly issued by relevant PRC authorities in May 2024 (see "Regulatory Overview — Other Laws and Regulations in Relation to Medical Industry — Practices Relating to Services and Procurement in the Healthcare Sector" for details), we have reinforced our commitment to compliance and ethical conduct.

To ensure adherence to these standards, we have established preventive measures, including but not limited to anti-corruption training for the Board and our employees, as well as implementing whistleblowing channels for employees to report any potential misconduct that violates our ethical standards. The Board is responsible for the oversight of these preventive measures and whistle-blowing procedures. In 2023, we introduced an employee handbook, which emphasizes the code of conduct for employees, requiring them to maintain high professional and ethical standards in their daily work. To further reinforce this commitment, we plan to conduct training sessions regarding the handbook this year, ensuring all employees are fully aligned with our ethical and compliance expectations. Additionally, all new employees will be required to confirm in writing that they commit to the ethical provisions outlined in the handbook.

During the Track Record Period and as of the Latest Practicable Date, we were not aware of any material non-compliance with any law or regulation or legal cases concerning bribery, corruption, extortion, fraud and money laundering.

Community Investment

We strive to contribute to the community and shoulder corporate responsibility. During the Track Record Period, we made charitable donations in support of youth development as well as health and wellness initiatives. Moving forward, we will explore opportunities to establish additional focus areas for community investment, as well as partnerships with social impact organizations where appropriate.

Social Metrics and Targets

To strengthen our commitment to safeguarding employee health and safety, we have established the following annual social targets for our employees at our in-house manufacturing facility, Changle Facility.

- Achieve zero major safety incidents;
- Ensure zero work-related fatalities; and
- Maintain a 100% participation rate in safety-related training.

To achieve these targets, we will implement measures including but not limited to, conducting regular safety inspections and promptly addressing identified hazards, ensuring employees complete the training programmes and assessments before starting work as well as providing necessary safety protective equipment. For details of our measures, see "Occupational Health and safety" above.

The table below sets forth key social metrics of our business operations as of May 31, 2025.

Workforce

		For the year ended December 31,			For the five months ended May 31,
	Unit	**2022**	**2023**	**2024**	**2025**
By gender					
Male	Number	49	64	85	99
Female	Number	33	52	79	91
By employment type					
Full time	Number	82	116	164	190
Part time	Number	0	0	0	0
By age group					
At or below 30	Number	22	34	59	82
Between 31-50	Number	56	75	96	99
At or above 51	Number	4	7	9	9
By geographical location					
Mainland China	Number	82	116	164	190

Turnover[6]

	Unit	For the year ended December 31, 2022	2023	2024	For the five months ended May 31, 2025
By gender					
Male	%	6.1	7.8	20.0	9.1
Female	%	9.1	1.9	5.1	7.7
By age group					
At or below 30	%	9.1	8.8	13.6	14.6
Between 31-50	%	7.1	4.0	12.5	4.0
At or above 51	%	0	0	11.1	0
By geographical location					
Mainland China	%	7.3	5.2	12.8	8.4

Occupational Health and Safety

We did not experience any major work safety-related incidents involving our employees during the Track Record Period and as of the Latest Practicable Date.

	Unit	For the year ended December 31, 2022	2023	2024	For the five months ended May 31, 2025
Working days lost due to work injury	Days	0	0	0	0

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. As of the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us.

[6] Turnover rate is calculated as the total number of employees in the specified category leaving employment each year/period during the Track Record Period, divided by the total number of employees in the specified category as of the years/period ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, and then multiplied by 100%.

We are committed to maintaining a high standard of compliance with the laws and regulations applicable to our business, and we intend to maintain this culture through the strict implementation of our risk management and internal control policies. For details, see "— Risk Management and Internal Control" in this section. During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents which our Directors believe would have a material operational or financial impact on our Group as a whole.

LICENSES, PERMITS, AND CERTIFICATES

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits and certificates that are material for our operations in the PRC, and all of such licenses, permits and certificates are currently in effect. We had not experienced any material difficulty in renewing our key licenses, permits and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

The following table sets forth a summary of the key licenses, permits and certificates that we had obtained as of the Latest Practicable Date:

Holder	License/ Permit/ Certificate	License/ Permit/ Certificate Number	Issuing Authority	Issue Date	Expiry Date
The Company	Drug Manufacturing License (藥品生產許可證)	Min 20200003 (閩20200003)	Fujian Medical Products Administration (福建省藥品監督管理局)	September 5, 2025	April 6, 2030
Haixi Fuzhou	Drug Manufacturing License (藥品生產許可證)	Min 20240008 (閩20240008)	Fujian Medical Products Administration (福建省藥品監督管理局)	July 1, 2025	September 2, 2029
The Company	Drug Registration Certificate (藥品註冊批件)	2021S00234	NMPA (國家藥品監督管理局)	March 16, 2021	March 15, 2026
The Company	Drug Registration Certificate (藥品註冊批件)	2021S00254	NMPA (國家藥品監督管理局)	March 23, 2021	March 22, 2026

Holder	License/ Permit/ Certificate	License/ Permit/ Certificate Number	Issuing Authority	Issue Date	Expiry Date
The Company	Drug Registration Certificate (藥品註冊批件)	2021S01050	NMPA (國家藥品監督管理局)	October 1, 2021	October 10, 2026
The Company	Drug Registration Certificate (藥品註冊批件)	2022S00053	NMPA (國家藥品監督管理局)	January 30, 2022	January 29, 2027
The Company	Drug Registration Certificate (藥品註冊批件)	2022S00348	NMPA (國家藥品監督管理局)	April 19, 2022	April 18, 2027
The Company	Drug Registration Certificate (藥品註冊批件)	2022S00590	NMPA (國家藥品監督管理局)	June 28, 2022	June 27, 2027
The Company	Drug Registration Certificate (藥品註冊批件)	2022S00591	NMPA (國家藥品監督管理局)	June 28, 2022	June 27, 2027
The Company	Drug Registration Certificate (藥品註冊批件)	2023S01716	NMPA (國家藥品監督管理局)	October 27, 2023	October 26, 2028
The Company	Drug Registration Certificate (藥品註冊批件)	2023S01912	NMPA (國家藥品監督管理局)	November 28, 2023	November 27, 2028
The Company	Drug Registration Certificate (藥品註冊批件)	2024S00696	NMPA (國家藥品監督管理局)	April 24, 2024	April 23, 2029
The Company	Drug Registration Certificate (藥品註冊批件)	2024S01453	NMPA (國家藥品監督管理局)	June 28, 2024	June 27, 2029
The Company	Drug Registration Certificate (藥品註冊批件)	2024S01917	NMPA (國家藥品監督管理局)	August 5, 2024	August 4, 2029
The Company	Drug Registration Certificate (藥品註冊批件)	2024B01752	NMPA (國家藥品監督管理局)	April 18, 2024	January 29, 2027

Holder	License/ Permit/ Certificate	License/ Permit/ Certificate Number	Issuing Authority	Issue Date	Expiry Date
The Company	Drug Registration Certificate (藥品註冊批件)	2024S02966	NMPA (國家藥品監督管理局)	December 1, 2024	November 30, 2029
The Company	Drug Registration Certificate (藥品註冊批件)	2025S01827	NMPA (國家藥品監督管理局)	June 17, 2025	June 16, 2030
The Company	Drug Registration Certificate (藥品註冊批件)	2025S02431	NMPA (國家藥品監督管理局)	July 30, 2025	July 29, 2030
The Company	Drug Re-registration Certificate (藥品再註冊批件)	2025R016160	Medical Products Administration (福建省藥品監督管理局)	March 6, 2025	June 15, 2030
The Company	Clinical Trial Approval (藥物臨床試驗批准)	2023LP00706	NMPA	April 17, 2023	N/A*(note)*
The Company	Clinical Trial Approval (藥物臨床試驗批准)	2023LP00707	NMPA	April 17, 2023	N/A*(note)*
The Company	Clinical Trial Approval (藥物臨床試驗批准)	2020LP00111	NMPA	July 24, 2020	N/A*(note)*
The Company	Clinical Trial Approval (藥物臨床試驗批准)	2020LP00112	NMPA	July 24, 2020	N/A*(note)*
The Company	Clinical Trial Approval (藥物臨床試驗批准)	2025LP01139	NMPA	April 21, 2025	N/A*(note)*
The Company	Clinical Trial Approval (藥物臨床試驗批准)	2025LP01140	NMPA	April 21, 2025	N/A*(note)*

Note: According to Measures for the Administration of Drug Registration, the clinical trial of a certain drug shall be implemented within three years from its clinical trial approval from the NMPA. Where no study subject has signed an informed consent within three years from the date of approval, the approval shall become void. A new application must be submitted if the clinical trial subsequently needs to be conducted. We have commenced the clinical trials for our drug candidates within three years from their respective date of approvals, so the expiry date is not applicable.

AWARDS AND RECOGNITION

The table below set forth a summary of the major awards and recognition we received during the Track Record Period.

Awards or Recognition	Year Granted	Granting Authority
Innovative Small and Medium-sized Enterprises (創新型中小企業)	2022	Department of Industry and Information Technology of Fujian Provincial
Specialized and Innovative Small and Medium-sized Enterprises in Fujian Province (福建省專精特新中小企業)	2023	Department of Industry and Information Technology of Fujian Provincial
National Specialized and Innovative "Little Giant" Enterprises (國家專精特新「小巨人」企業)	2024	Ministry of Industry and Information Technology
Enterprise Technology Center of Fuzhou (福州市企業技術中心)	2024	Bureau of Industry and Information Technology of Fuzhou, Fuzhou Municipal Science and Technology Bureau, Finance Bureau of Fuzhou, Fuzhou Tax Service of State Taxation Administration
Cultivated Industrial Leading Enterprises in Fuzhou (福州市2024年培育工業龍頭企業)	2024	Bureau of Industry and Information Technology of Fuzhou
Top 50 Enterprises by Growth Rate in the Pharmaceutical Industry for 2023-2024 (2023-2024年度醫藥行業信息統計增長率前五十家企業)	2024	Taishan Pharmaceutical Forum Organizing Committee

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks we face include changes in the general market conditions and the regulatory environment of the PRC and global pharmaceutical markets, our ability to develop, manufacture, commercialize and distribute our products and drug candidates, and our ability to compete with other pharmaceutical companies. For details of the various risks and uncertainties we face, see "Risk Factors" in this prospectus. We also face various market risks. In particular, we are exposed to market risks, credit risk and liquidity risk that arise in the normal course of our business. For details, see "Financial Information — Capital Risk Management" in this prospectus.

In response to these changes, we have adopted a comprehensive set of risk management policies, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified and reported to our Directors.

The following key principles outline our approach to risk management and internal control:

- Establish an Audit Committee to oversee and manage the overall risks associated with our business operations from time to time. Our Audit Committee is mainly responsible for reviewing and overseeing financial reporting procedure, risk management system and internal control system of our Group.

- Adopt various policies to ensure compliance with the Listing Rules, including but not limited to policies relating to risk management, connected transactions and information disclosure.

- The relevant departments, including but not limited to the sales and marketing department and general and administrative department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our organization and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that can potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

Our Board of Directors is responsible for establishing and ensuring effective internal controls to safeguard our Shareholders' investment at all times. We have engaged an internal control consultant to review our and report their findings on our internal controls system, covering financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, fixed assets and assets under construction, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, production and costing, insurance management, research and development and intangible assets. The internal control consultant performed procedures and proposed suggestions for improvement. We have accepted these suggestions and further strengthened our internal control process.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding our business operations, including related party transactions, risk management, intellectual property protection, environmental protection, and occupational health and safety. For details, see "— Intellectual Property" and "— Environmental, Social and Governance Matters" in this section. We regularly provide training about these measures and procedures to employees and constantly monitor the implementation of these measures and procedures.

- We have adopted strict anti-bribery and anti-corruption policies and provide regular anti-corruption and anti-bribery compliance training for senior management and employees in order to enhance their knowledge of and compliance with applicable laws and regulations. The policies strictly prohibit any employee or other personnel acting on our behalf from making, proposing or promising improper payments, directly or indirectly, in any form of cash, physical assets, loans, gifts, luxury trips, entertainment, donations, other valuables or benefits to anyone, including government officials, customers or suppliers, for the purposes of acquiring or securing any business or improper advantage, regardless of whether we benefit from such improper payments. Our employees and other personnel acting on our behalf are not allowed to accept or solicit any such improper payments as well. The anti-bribery and anti-corruption policies also prohibit other misconducts, such as misappropriation and embezzlement, fraud or other illegal activities. Employees who violate our anti-bribery and anti-corruption policies are subject to penalties, including termination of employment. During the Track Record Period and up to the Latest Practicable Date, we had complied with relevant anti-corruption and anti-bribery laws in all material aspects. Based on the internal control review report prepared by our internal control consultant, we believe that our internal control policies and measures in relation to anti-corruption and anti-bribery compliance are adequate and effective. We will also ensure that our commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

- Our Directors, who are responsible for monitoring the corporate governance, with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations following the Listing.

- We have established an audit committee, which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and render advice in respect of financial reporting, as well as oversee our internal control procedures.

- We have engaged a compliance advisor to provide advice to our Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance advisor is expected to ensure our use of funding complies with the section headed "Future Plans and Use of Proceeds" in this prospectus after the Listing, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

OVERVIEW

The Board of Directors of our Company consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The table below sets forth certain information in respect of our Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Dr. Kang Xinshan (康心汕) *Note 1*	54	Executive Director, chairman of the Board and general manager	March 2012	March 2012	Responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group
Ms. Feng Yan *Note 1*	50	Executive Director and deputy general manager	March 2012	November 2017	Responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group
Dr. Chen Guangming	61	Executive Director, deputy general manager and chief scientific officer	May 2022	October 2023	Responsible for overseeing the R&D activities, strategic planning and operational management of our Group
Dr. Chen Shuyi (陳樞儀)	44	Executive Director	December 2020	July 2022	Responsible for providing advices related to generic drugs and marketing of our Group
Mr. Xu Dong (許冬)	42	Non-executive Director	August 2023	August 2023	Responsible for providing strategic advice on the overall development of our Group
Mr. Wang Xinkun (王忻琨)	33	Non-executive Director	October 2022	March 2024	Responsible for providing strategic advice on the overall development of our Group

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Gong Weimin (龔為民)	54	Independent non-executive Director	October 2022	October 2022	Responsible for providing independent advice on the operation and management of our Group
Ms. Wang Shan Shan (王珊珊)	42	Independent non-executive Director	December 2024	December 2024	Responsible for providing independent advice on the operation and management of our Group
Ms. Pu Meiting (蒲美婷)	39	Independent non-executive Director	December 2024	December 2024	Responsible for providing independent advice on the operation and management of our Group

Note 1: Ms. Feng is the spouse of Dr. Kang.

DIRECTORS

Executive Directors

Dr. Kang Xinshan (康心汕), aged 54, is our co-founder. He was appointed as our Director in March 2012 and was re-designated as our executive Director in December 2024. He has served as our general manager since March 2012 and chairman of the Board since November 2017. He is primarily responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group. He has also served as the executive director and general manager of Haixi Fuzhou, our wholly-owned subsidiary since June 2022 and is primarily responsible for its overall business operations.

Dr. Kang has more than 26 years of experience in pharmaceutical industry. Prior to co-founding our Company in March 2012, Dr. Kang worked at the University of California, San Francisco, where he was primarily responsible for conducting research on medicinal chemistry and molecular design. Dr. Kang worked as a computational scientist at PTC Therapeutics, Inc. (a company listed on the NASDAQ, stock code: PTCT) from March 2003 to September 2004. In October 2004, Dr. Kang joined BioPredict, Inc. as the head of drug discovery. From September 2008 to March 2012, Dr. Kang worked as the chief pharmacist at Zhejiang Betta Pharmaceutical Co., Ltd.* (浙江貝達藥業有限公司) (currently known as Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), whose shares are listed on the Shenzhen Stock Exchange since November 2016 (stock code: 300558.SZ)). He also served as the general manager at Beijing Beimeituo New Drug Research and Development Co., Ltd.* (北京貝美拓新藥研發有限公司) from November 2010 to March 2014 and served as a director from March 2014 to March 2024. To better manage our ongoing clinical research, Dr. Kang also founded and served as the chairman of the board of Laibiyi Technology (Xiamen) Co., Ltd.* (萊必宜科技(廈門)有限責任公司) ("**Laibiyi Technology**") from April 2016 to July 2021.

Dr. Kang obtained his bachelor's degree in polymer chemistry from the University of Science and Technology of China (中國科學技術大學) in July 1993 and obtained his doctoral degree in chemistry from Princeton University in January 1999. Dr. Kang also obtained the qualification as a professor-grade senior engineer conferred by Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) in June 2018.

Dr. Kang was previously a director of the following companies at the time of their respective dissolution:

Name of company	Place of incorporation	Date of dissolution	Status	Reasons of dissolution
Xiamen Dihai Pharmaceutical Technology Co. Ltd.* (廈門迪海醫藥科技有限公司)	The PRC	September 3, 2020	Dissolved by deregistration	Voluntary dissolution by shareholders' resolution
Chemtel Development Limited* (康泰捷發有限公司)	Hong Kong	May 19, 2016	Dissolved by deregistration	No business operation

Dr. Kang confirmed that (i) to the best of his knowledge, information and belief after making reasonable inquiries, each of the above companies was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of each of the above companies; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of each of the above companies; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of each of the above companies.

Ms. Feng Yan, aged 50, is our co-founder. She was appointed as our Director in November 2017 and was re-designated as our executive Director in December 2024. She joined our Company in March 2012 and has served successively as our assistant president and vice president since then to December 2021. She was appointed as our deputy general manager in June 2024. She is primarily responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group.

Ms. Feng has more than 22 years of experience in pharmaceutical industry. Prior to co-founding our Company in March 2012, Ms. Feng worked as a lab director at McMaster University from January 2003 to July 2009. In September 2009, Ms. Feng joined the School of Medicine, Yale University as a research manager. Ms. Feng served as the chairwoman of the board of Laibiyi Technology from July 2021 to June 2022 and has served as a consultant since July 2022.

Ms. Feng obtained her bachelor's degree in biochemistry from Lanzhou University (蘭州大學) in June 1997 and obtained her master's degree in particle physics and nuclear physics from Chinese Academy of Sciences (中國科學院) in August 2002.

Dr. Chen Guangming, aged 61, was appointed as our Director in October 2023 and was re-designated as our executive Director in December 2024. He joined our Company and was appointed as our vice president in May 2022 and was re-designated as our deputy general manager and chief scientific officer in October 2022. He is primarily responsible for R&D activities, strategic planning and operational management of our Group.

Dr. Chen has more than 31 years of experience in pharmaceutical industry. Prior to joining our Company, Dr. Chen worked as a postdoctoral researcher in the laboratory of Prof. Herbert Charles Brown (Nobel Laureate) at Purdue University from September 1993 to September 1996, where he was primarily responsible for the daily operation of the laboratory. He then served at PTC Therapeutics, Inc. (a company listed on the NASDAQ, stock code: PTCT) from February 2001 to April 2022 with his last position as the senior research fellow.

Dr. Chen obtained his bachelor's degree in chemistry from Nankai University (南開大學) in July 1984 and his master's degree in agricultural pharmacology from Beijing Agricultural University (北京農業大學) (currently known as China Agricultural University (中國農業大學)) in September 1990. Dr. Chen further obtained a doctoral degree in agricultural pharmacology from China Agricultural University (中國農業大學) in August 1993.

Dr. Chen Shuyi (陳樞儀), aged 44, was appointed as our Director in July 2022 and was re-designated as our executive Director in December 2024. He joined our Company and served as a marketing consultant since December 2020. He is primarily responsible for providing advices related to generic drugs and marketing of our Group.

Dr. Chen has more than 16 years of experience in pharmaceutical industry. Dr. Chen served as the general manager at Xiamen KAK Science & Technology Co., Ltd.* (廈門市康奧克科技有限公司) from May 2010 to August 2015 and engaged in pharmaceutical intermediates development and generic drug development. From November 2016 to November 2020, Dr. Chen served as the general manager at Xiamen Shunxie Pharmaceutical Technology Co., Ltd.* (廈門順協醫藥科技有限公司).

Dr. Chen obtained his bachelor's degree in chemistry from Nanjing University (南京大學) in June 2003 and obtained his doctoral degree in chemistry from the State University of New York at Stony Brook in May 2008.

Non-executive Directors

Mr. Xu Dong (許冬), aged 42, was appointed as our Director in August 2023 and was re-designated as a non-executive Director in December 2024. He is primarily responsible for providing strategic advice on the overall development of our Group.

Mr. Xu joined Fujian Venture Investment Management Co., Ltd.* (福建省創新創業投資管理有限公司) in October 2012 and currently serves as its division deputy general manager. Mr. Xu has also served as a director at Fujian Huaxing Investment Management Co., Ltd.* (福建省華興投資管理有限責任公司) since November 2015 and the chairman of the board and manager at Fujian Huaxing Emerging Venture Capital Investment Co., Ltd.* (福建華興新興創業投資有限公司) since November 2023. Prior to that, Mr. Xu served as a teacher at No.1 High School of Shishi, Fujian* (福建省石獅市第一中學) from August 2005 to June 2008. He then served as a manager at planning and finance department at Industrial Securities Co., Ltd.* (興業證券股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601377) from June 2010 to October 2012.

Mr. Xu obtained his bachelor's degree in mathematics and applied mathematics from Fujian Normal University (福建師範大學) in July 2005 and obtained his master's degree in business administration from Xiamen University (廈門大學) in June 2010. Mr. Xu has qualified as an intermediate accountant conferred by Fujian Province Bureau of Civil Servants and the Office of Human Resources Development of the Fujian Province (福建省公務員局福建省人力資源開發辦公室) in January 2014 and has been a member of the Fujian Institute of Certified Public Accountants (福建省註冊會計師協會) since March 2017.

Mr. Wang Xinkun (王忻琨), aged 33, was appointed as our Director in March 2024 and was re-designated as a non-executive Director in December 2024. He served as our Supervisor from October 2022 to March 2024. He is primarily responsible for providing strategic advice on the overall development of our Group.

Mr. Wang served as an investment manager at Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) since December 2023. Prior to that, Mr. Wang served as an investment manager at Minsheng Tongli Equity Investment Co., Ltd. (民生通力股權投資有限公司) (currently known as Minsheng Tongli Private Equity Fund Management Co., Ltd.* (民生通力私募基金管理有限公司)) from March 2018 to August 2018. From September 2018 to October 2020, Mr. Wang worked as a deputy director at Industrial Securities Co., Ltd. Shanghai Branch* (興業證券股份有限公司上海分公司). He then worked at Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) from November 2020 to July 2022 and Fuzhou Venture Capital Co., Ltd.* (福州市創業投資有限責任公司) from August 2022 to November 2023.

Mr. Wang obtained his bachelor's degree in accounting from Anhui University of Finance and Economics (安徽財經大學) in July 2014 and obtained his master's degree in accounting from California State University, San Bernardino in June 2017.

Independent Non-executive Directors

Mr. Gong Weimin (龔為民), aged 54, was appointed as an independent Director in October 2022 and was re-designated as an independent non-executive Director in December 2024. He is responsible for providing independent advice to on the operation and management of our Group.

Mr. Gong has served as a lawyer at Fujian Hangjia Law Firm* (福建航嘉律師事務所) since October 2015. Prior to that, he worked at Fujian Tianjun Law Firm* (福建天鈞律師事務所) from January 2001 to November 2003 and served as a lawyer at Fujian Xinzhe Law Firm* (福建信哲律師事務所) from January 2004 to March 2009. From June 2009 to May 2011, Mr. Gong served as a lawyer at Fujian Yuanjian Law Firm* (福建遠見律師事務所). From July 2011 to July 2015, Mr. Gong served as a lawyer at Fujian Qiutuo Law Firm* (福建求拓律師事務所).

Mr. Gong obtained his college's degree in law from Xiamen University (廈門大學) in June 1997 and his bachelor's degree in law from Xiamen University (廈門大學) in June 2007. Mr. Gong has been licensed as a lawyer in the PRC by the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2000.

Ms. Wang Shan Shan (王珊珊), aged 42, was appointed as an independent non-executive Director in December 2024. She is responsible for providing independent advice on the operation and management of our Group.

From November 2007 to December 2018, Ms. Wang served as the finance manager at Da Changjiang (Fujian) Investment Group Co., Ltd.* (大長江(福建)投資集團有限公司) and was promoted to the finance director in January 2019, where she was primarily responsible for the daily financial management.

Ms. Wang obtained her bachelor's degree in managerial economics from University of California, Davis in March 2006.

Ms. Pu Meiting (蒲美婷), aged 39, was appointed as an independent non-executive Director in December 2024. She is responsible for providing independent advice on the operation and management of our Group.

Ms. Pu has served as the senior finance manager at Zhizhi Clothing (Shanghai) Co., Ltd.* (致知服飾(上海)有限公司) since September 2022. Prior to that, she worked as a finance manager at Zhuo'ao Investment Consulting (Shanghai) Co., Ltd.* (卓奧投資諮詢(上海)有限公司) from October 2011 to December 2018. She then served as the general manager of the finance department at Guizhou Chenlong Digital Intelligence Technology Co., Ltd.* (貴州宸隆數智科技股份有限公司) (previously known as Tianan (Guizhou Province) Internet Financial Assets Trading Center Co., Ltd.* (天安(貴州省)互聯網金融資產交易中心股份有限公司)) from March 2020 to August 2022.

Ms. Pu obtained her college's degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in January 2007 and obtained her bachelor's degree in accounting from Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) in June 2019. Ms. Pu has qualified as a junior accountant and intermediate accountant by Shanghai Municipal Bureau of Human Resources and Social Security (上海市人力資源和社會保障局) since October 2013 and September 2015, respectively. Ms. Pu has been a certified public accountant of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in the PRC since March 2020.

SUPERVISORS

The PRC Company Law requires a joint stock company to establish a board of supervisors that is primarily responsible for supervising the performance of the Board and senior management and the financial operations, internal control and risk management. Our Supervisory Committee consists of three Supervisors including one employee representative Supervisor. Our Supervisors are elected for a term of three years and may be subject to re-election.

The table below sets forth certain information in respect of our Supervisors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Ms. Chen Xia (陳霞)	40	Chairwoman of the Supervisory Committee	February 2013	April 2016	Responsible for the overall operation of the Supervisory Committee and overseeing the performance of our Directors and senior management
Mr. Wu Jiang (吳江)	55	Supervisor	November 2020	November 2020	Responsible for supervising the performance of our Directors and senior management, and performing other supervisory duties as a shareholders' representative Supervisor
Ms. Xu Lixia (許麗霞)	49	Supervisor	March 2024	March 2024	Responsible for supervising the performance of our Directors and senior management, and performing other supervisory duties as a shareholders' representative Supervisor

Ms. Chen Xia (陳霞), aged 40, was appointed as our employee representative Supervisor and chairwoman of the Supervisory Committee in November 2017. She has also served as the deputy director of operation center and the manager of human resources department of our Company since February 2013. She is responsible for the overall operation of the Supervisory Committee and overseeing the performance of our Directors and senior management.

Prior to joining our Company, Ms. Chen served as a clerk at Fujian Straits West-Coast Human Resources Service Co., Ltd.* (福建海峽西岸人力資源服務有限公司) from September 2005 to January 2013.

Ms. Chen obtained her college's degree in human resource management from Fujian Economic Management Cadre College (福建經濟管理幹部學院) in July 2006 and obtained her bachelor's degree in economics from Fujian Normal University (福建師範大學) through correspondence courses in January 2010. Ms. Chen has been a intermediate human resource management professional accredited by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since November 2023.

Mr. Wu Jiang (吳江), aged 55, was appointed as a shareholders' representative Supervisor in November 2020. He is responsible for responsible for supervising the performance of our Directors and senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

In additional to a supervisorship held with our Company, Mr. Wu worked at Guangzhou Keli Electronic Information Co., Ltd.* (廣州科力電子信息有限公司) from January 2000 to April 2001. He then worked at Guangzhou Yingfu Chuangzhan Investment Co., Ltd.* (廣州市盈富創展投資有限公司) from June 2001 to February 2004 and worked at Guangzhou Xinglong Investment Development Co., Ltd.* (廣州興隆投資發展有限公司) from March 2004 to November 2008. Mr. Wu has served as a managing partner of Shenzhen Zhongtian Fortune Fund Management Co., Ltd.* (深圳中天匯富基金管理有限公司) since December 2015. He has been a supervisor of IPGoal Microelectronics (Sichuan) Co., Ltd.* (四川和芯微電子股份有限公司) since June 2020, a director of Wuxi Yangpai Technology Co., Ltd.* (無錫洋湃科技有限公司) since November 2022, a supervisor of Shenzhen Uniplasma Technology Co., Ltd.* (深圳優普萊等離子體技術有限公司) since January 2022, a supervisor of Jiangsu Fengsun Quartz Technology Co., Ltd.* (江蘇風日石英科技有限公司) since February 2023 and a director of Tanbu Technology (Shanghai) Co., Ltd.* (探步科技(上海)有限公司) since April 2023.

Mr. Wu obtained his bachelor's degree in radio technology from the University of Science and Technology of China (中國科學技術大學) in July 1993.

Mr. Wu was the legal representative, director and general manager of Guangzhou Chucai Exhibition Co. Ltd.* (廣州出彩展覽有限公司), a company established under the laws of the PRC, which had its business license revoked due to failure to complete annual inspection. Mr. Wu confirmed that (i) to the best of his knowledge, information and belief after making reasonable inquiries, the said company was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of the said

company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the said company; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of the said company.

Ms. Xu Lixia (許麗霞), aged 49, was appointed as a shareholders' representative Supervisor in March 2024. She is responsible for responsible for supervising the performance of our Directors and senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

In additional to a supervisorship held with our Company, Ms. Xu has been the general manager of human resources department at Fujian Pharmaceutical (Group) Co., Ltd.* (福建省醫藥集團有限責任公司) since December 2022, prior to which she successively served as officer, director of general office, assistant general manager, deputy general manager and general manager of Fujian Medicinal Materials Co., Ltd.* (福建省藥材有限責任公司) from August 1994 to December 2022.

Ms. Xu obtained her college's degree in pharmacy from China Pharmaceutical University (中國藥科大學) in July 2001 and obtained her bachelor's degree in pharmacy from China Pharmaceutical University (中國藥科大學) on a part-time course basis in January 2014. Ms. Xu has been a licensed pharmacist as approved by Fujian Provincial Department of Human Resources (福建省人事廳) (currently known as Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) since December 2004.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets forth certain information in respect of our senior management:

Name	Age	Positions	Date of joining our Group	Date of appointment as Senior Management	Roles and responsibilities
Dr. Kang Xinshan (康心汕)	54	Executive Director, chairman of the Board and general manager	March 2012	March 2012	Responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group
Ms. Feng Yan	50	Executive Director and deputy general manager	March 2012	June 2024	Responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group

Name	Age	Positions	Date of joining our Group	Date of appointment as Senior Management	Roles and responsibilities
Dr. Chen Guangming	61	Executive Director, deputy general manager and chief scientific officer	May 2022	November 2022	Responsible for overseeing the R&D activities, strategic planning and operational management of our Group
Mr. Hu Kai (胡凱)	62	Deputy general manager	May 2012	May 2012	Responsible for overseeing the operation of our Group
Ms. Zhang Junhuan (張俊環)	56	Finance director and secretary of the Board	October 2021	October 2021	Responsible for overseeing the financial management and the company secretarial matters of our Group

For the biographical details of Dr. Kang Xinshan (康心汕), Ms. Feng Yan and Dr. Chen Guangming, see "— Executive Directors" in this section.

Mr. Hu Kai (胡凱), aged 62, joined our Company in May 2012 and has served successively as assistant president and deputy general manager since then. He served as our Director from January 2019 to July 2022. He is primarily responsible for overseeing the operation of our Company.

Prior to joining our Company, Mr. Hu worked as a staff at Industrial and Commercial Bank of China Fuzhou Branch* (中國工商銀行福州分行) from December 1980 to November 1987. He then served as an investment manager at Fujian Provincial Economic Development Corporation* (福建省經濟發展總公司) from December 1992 to October 1993 and served as a staff at Huatong international Development Holding Co., Ltd.* (華通國際招商股份有限公司) until May 1995. Mr. Hu then served as a director at Fuzhou Canglian City Credit Union* (福州市倉聯城市信用合作社) until December 1996. Mr. Hu served as a deputy governor at Fuzhou City Cooperation Bank Cangshan Branch* (福州市城市合作銀行倉山支行) from December 1996 to December 1999. From January 2001 to October 2001, Mr. Hu worked as a deputy manager at business development department in China Merchants Bank Fuzhou Branch (Nanmen Sub-branch)* (招商銀行福州分行南門支行). He then served as a deputy general manager at Fujian Yinhong Media Co., Ltd.* (福建銀宏傳媒有限公司) from March 2004 to July 2004. From December 2008 to May 2009, Mr. Hu served as a deputy general manager at Fuzhou Fan'an Marketing Planning Co., Ltd.* (福州泛安市場行銷策劃有限公司).

Mr. Hu obtained his college's degree in finance from the Open University of Fujian (福建開放大學) (previously known as Fujian Broadcasting and Television University (福建廣播電視大學)) in July 1986 and he has studied a postgraduate course in political economics at Fujian Normal University (福建師範大學) from September 1998 to November 2000.

Ms. Zhang Junhuan (張俊環), aged 56, joined our Company in October 2021 and has served as our finance director since then and has been appointed as our secretary of the Board since October 2022. She also serves as our finance director of Haixi Fuzhou, our wholly-owned subsidiary since June 2022. She is primarily responsible for overseeing the financial management and the company secretarial matters of our Company.

Ms. Zhang has more than 30 years of experience in finance management. Prior to joining our Company, Ms. Zhang served as a chief accountant at Fujian Hualong Group Feedstuff Co., Ltd.* (福建省華龍集團飼料有限公司) from July 1993 to December 2002. From January 2003 to February 2004, Ms. Zhang served as a manager at planning and finance department at Taikang Life Insurance Co., Ltd. Fujian Zhangzhou Central Branch* (泰康人壽保險有限責任公司福建漳州中心支公司). She then served as a finance manager at Fujian Kewei Technical Development Co., Ltd.* (福建省科威技術發展有限公司) from March 2004 to May 2005 and a finance manager at Fuzhou Chaoda Modern Agriculture Development Co., Ltd.* (福州超大現代農業發展有限公司) (currently known as Fujian Chaoda Modern Agriculture Group Co., Ltd.* (福建超大現代農業集團有限公司)) from May 2005 to August 2007. From September 2007 to August 2011, Ms. Zhang served as a director at accounting department of Fujian Metropolis Media Co., Ltd.* (福建都市傳媒股份有限公司). And she then served as a vice president and finance director at Shenghui Logistics Group Co., Ltd.* (盛輝物流集團有限公司) from September 2011 to March 2019 and the head of finance department at Sichuan Huiyu Pharmaceutical Co., Ltd.* (四川匯宇製藥股份有限公司) (a company listed on the STAR market of Shanghai Stock Exchange, stock code: 688553) from March 2019 to October 2019.

Ms. Zhang obtained her college's degree in financial management from Wuhan University (武漢大學) in July 1993 and her bachelor's degree in accounting from Fuzhou University (福州大學) in December 2005. Ms. Zhang has qualified as a senior accountant conferred by Fujian Provincial Department of Human Resources (福建省人事廳) (currently known as Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) since May 2007.

JOINT COMPANY SECRETARIES

Ms. Zhang Junhuan (張俊環), was appointed as one of our joint company secretaries in December 2024. See "— Senior Management" above for her biographical details.

Ms. Chan Hiu Lam (陳曉琳), was appointed as one of our joint company secretaries in December 2024. Ms. Chan is currently an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited.

Ms. Chan has over nine years of experience in the company secretarial field, providing corporate services to listed companies and private companies incorporated in Hong Kong and overseas.

Ms. Chan obtained her bachelor's degree in business administration in accountancy from the City University of Hong Kong (香港城市大學) and obtained her master's degree in corporate governance from the Hong Kong Polytechnic University (香港理工大學). Ms. Chan is an associate of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute in the United Kingdom (CGI).

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries,

(i) save as disclosed above, none of the Directors, Supervisors or members of the senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(ii) saved as disclosed above, none of the Directors, Supervisors or members of the senior management of our Company was related to any other Directors, Supervisors and members of the senior management;

(iii) save as disclosed in the section headed "Statutory and General Information" set out in Appendix VII to this prospectus, none of the Directors, Supervisors or general manager of our Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and

(iv) there was no additional matter with respect to the appointment of the Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules, and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four Board Committees in accordance with the relevant laws and regulations, the Articles and the Corporate Governance Code set out in Appendix C1 to the Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely Ms. Pu Meiting, Mr. Gong Weimin and Ms. Wang Shanshan as the members of the Audit Committee, with Ms. Pu Meiting as the chairperson of the Audit Committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

(i) proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors;

(ii) monitoring and evaluating the performance of the external auditors;

(iii) monitoring and evaluating the internal audit work of the Company;

(iv) reviewing financial reports of the Company and giving comments on relevant matters;

(v) monitoring and evaluating the effectiveness of internal control of the Company;

(vi) coordinating the communication among management, internal audit department, related departments and external auditors; and

(vii) dealing with other matters authorized by the Board or involved in relevant laws and regulations.

Remuneration and appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee comprises three members, namely Mr. Gong Weimin, Dr. Kang Xinshan, and Ms. Pu Meiting, with Mr. Gong Weimin as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

(i) researching the criteria for performance evaluation of Directors, Supervisors, general manager and other members of senior management, conducting performance evaluation and making recommendations;

(ii) formulating the job responsibilities for the members of senior management;

(iii) researching and reviewing the remuneration plans and incentive schemes for Directors, Supervisors, general managers and other members of senior management;

(iv) reviewing matters relating to the incentive schemes;

(v) examining the performance of Directors (other than the Independent Non-executive Directors), Supervisors and members of senior management and conducting annual performance evaluation;

(vi) supervising the implementation of the remuneration plans of the Company; and

(vii) dealing with other matters authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The Nomination Committee comprises three members, namely Dr. Kang Xinshan, Ms. Wang Shanshan and Ms. Pu Meiting, with Dr. Kang Xinshan as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

(i) researching standards and procedures for the election of Directors, general managers and other members of senior management and making recommendations;

(ii) conducting extensive search and providing suitable candidates for Directors, general managers and other members of senior management;

(iii) examining the candidates for Directors, general managers and members of the senior management and making recommendations to the Board; and

(iv) dealing with other matters authorized by the Board.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The Strategy Committee comprises three members, namely Dr. Kang Xinshan, Ms. Feng Yan and Mr. Gong Weimin, with Dr. Kang Xinshan as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to, the following:

(i) researching and making recommendations to the long-term development strategies of the Company;

(ii) researching and making recommendations to the major investments and financing plans which are required to be approved by the Board as prescribed in the Articles of Association;

(iii) researching and making recommendations to the major capital operations and capital management projects which are required to be approved by the Board as prescribed in the Articles of Association;

(iv) researching and making recommendations to the other major matters affecting the development of the Company;

(v) Supervising the implementation of the above matters; and

(vi) dealing with other matters authorized by the Board.

Corporate Governance Code

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company expects to comply with the requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing, save that Dr. Kang Xinshan will serve as both our chairman of the Board and the general manager as discussed below.

Pursuant to code provision C.2.1 of the Corporate Governance code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Kang Xinshan, is our co-founder, chairman of the Board and general manager (same nature as chief executive). From the inception of our business, Dr. Kang has been responsible for the overall strategy planning of business operations and making key business and operational decisions of our Company. Since Dr. Kang is the key person for our Company's development and he will not undermine our Company's interests in any way under any circumstances, the Board believes that vesting the roles of both chairman of the Board and general manager in the same person has the benefit of ensuring consistent leadership within our Company and enables more effective and efficient overall strategic planning for our Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively.

Board Diversity Policy

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Board currently consists of three female Directors and six male Directors with a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including chemistry, biology and business administration. We have three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, our Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. See "Waivers from Strict Compliance with the Requirements under the Listing Rules" for further details.

REMUNERATION

Our Directors, Supervisors and senior management receive their remuneration in the form of Directors' or Supervisors' salary and allowances, contributions to our retirement benefit scheme, discretionary bonuses and other benefits in kind (if applicable).

For the years/period ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, the total remuneration paid to our Directors amounted to RMB2,408,000, RMB2,961,000, RMB3,185,000 and RMB1,390,000, respectively.

For the years/period ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, the total remuneration paid to our Supervisors amounted to RMB202,000, RMB226,000, RMB253,000 and RMB114,000, respectively.

For the years/period ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, the total emoluments paid to the five highest paid individuals (including Directors and Supervisors) by us amounted to RMB3,361,000, RMB4,387,000, RMB4,322,000 and RMB1,454,000, respectively.

Under the arrangement currently in force, we estimate the aggregate remuneration, excluding discretionary bonus to be accrued to our Directors and our Supervisors in kind for their service for the year ending December 31, 2025 to be approximately RMB3.9 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

For the years/period ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025, no payment was made by us to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. Our Supervisors receive remuneration from our Company. None of the Directors or Supervisors waived their remuneration during the relevant year/period.

The remuneration of our Directors, Supervisors and senior management is determined with reference to factors including the responsibility, risk and commitment of our Directors, Supervisors and senior management, the completion rate of our corporate profit, the assessment result of our target responsibility system, the performance evaluation structure of each of our corporate departments and the salaries paid by comparable companies.

COMPLIANCE ADVISOR

We have appointed Orient Capital (Hong Kong) Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

(i) before the publication of any regulatory announcement, circular, or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Hong Kong Stock Exchange makes an inquiry to our Company in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

OVERVIEW

During the Track Record Period and up to the Latest Practicable Date, our Company was controlled by (i) Dr. Kang, one of our co-founders, chairman of the Board and executive Director, by himself directly and indirectly through Tairuihe Investment (the employee incentive share platform of our Company whose general partner is Dr. Kang); and (ii) Ms. Feng, the spouse of Dr. Kang, one of our co-founders and serves as our executive Director and deputy general manager, pursuant to a marital property agreement dated December 15, 2020 entered into between Dr. Kang and Ms. Feng. By virtue of such marital property arrangement, (i) all equity interests held by Dr. Kang in our Company shall be considered as communal property acquired during his marriage with Ms. Feng; and (ii) Dr. Kang and Ms. Feng have agreed to reach a consensus among themselves through discussion before making any major decisions in respect of our Group, and to vote in shareholders meetings on a unanimous basis. Therefore, Dr. Kang, Tairuihe Investment and Ms. Feng are deemed to be concert parties (as defined under the Takeovers Code) and are also deemed to be our Controlling Shareholders pursuant to the Listing Rules (the "**Controlling Shareholders**").

To reflect the abovementioned marital property arrangement, on November 29, 2024, and January 1, 2025, Dr. Kang transferred the registered capital of RMB9,918,426 he held in our Company, representing approximately 14.76% of our Company's equity interest, to Ms. Feng for a consideration of RMB11,443,880. For details of the equity transfers, see "History — Equity Transfer in 2024 and 2025" in this prospectus. Following the equity transfers, Dr. Kang and Ms. Feng, will continue to act in concert as a cohesive unit, jointly affected their management and control of the Company. They will make decisions jointly and consistently and will vote unanimously at all Board meetings and Shareholders' meetings (as applicable). The overall equity interests held by the Controlling Shareholders in our Company remain unchanged before and after the abovementioned equity transfers.

As of Latest Practicable Date, our Controlling Shareholders collectively owned approximately 41.17% of the total issued share capital of our Company, comprising (i) 18.97 % of the equity interest of our Company directly held by Dr. Kang; (ii) 7.44% of the equity interest of our Company held by Tairuihe Investment; and (iii) 14.76 % of the equity interest of our Company held by Ms. Feng.

Immediately upon the completion of the Global Offering, our Controlling Shareholders will be interested in and control approximately 35.15 % of the total issued share capital of our Company and will remain as a group of controlling shareholders (as defined under the Listing Rules) of our Company.

For further details of the members of our Controlling Shareholders, see "History, Development and Corporate Structure" and "Directors, Supervisors and Senior Management" in this prospectus.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competed or was likely to compete, directly or indirectly, with our business or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Company is capable of carrying on its business independently of our Controlling Shareholders and/or their respective close associates after the Global Offering for the reasons set out below.

Management Independence

Our Directors are of the view that our Company is managed independently of our Controlling Shareholders for the following reasons:

(a) each of our Directors is aware of his/ her fiduciary duties as a director which require, among other things, that he/she must act for the benefit of and in the best interests of our Company and our Shareholders as a whole, and must not allow any conflict between his/her duties as a Director and his/ her personal interest to exist;

(b) at any meetings held to discuss a matter that gives rise to a conflict with any of our Directors and their respective associates, any conflicted Directors will abstain from voting and will not be counted in the quorum of the relevant Board meeting;

(c) our Board consists of nine Directors and three of whom are independent non-executive Directors with extensive experience in different industries. They have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinion;

(d) connected transactions between our Group and our Controlling Shareholders or their respective associates, if any, are subject to the requirements under the Listing Rules, including the requirements of reporting, announcement and Shareholders' approval (where applicable); and

(e) daily management and operation of our Group 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. For further details of the industry experience of our senior management team, see "Directors, Supervisors and Senior Management" in this prospectus.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, are able to perform their managerial role independently and manage our business independently from our Controlling Shareholders after the Global Offering.

Operational Independence

Our Company makes business decisions independently. We hold all relevant licences and all relevant intellectual properties and research and development facilities, and have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent of our Controlling Shareholders and will continue to do so after the Global Offering.

Our Directors consider that our operations do not depend on the operation of our Controlling Shareholders for the following reasons:

(a) there is no competing business between our Group and any of our Controlling Shareholders;

(b) none of our Directors has an interest in any business which competes or is likely to compete, either directly or indirectly, with our business;

(c) we have our own independent operational capabilities and independent access to our customers and suppliers; and

(d) our Company has its own administrative and corporate governance infrastructure (including its own accounting, legal and human resources departments).

Based on the above, our Directors are satisfied that we are able to operate independently from our Controlling Shareholders after the Global Offering.

Financial Independence

Our Company is financially independent for the reasons set out below:

(a) we have an independent financial system and finance team responsible for our own treasury functions and we have made, and will continue to make, financial decisions based on our own business needs.

(b) we have sufficient capital to operate our business independently. As of the Latest Practicable Date, there were no outstanding loans, guarantees or other forms of collateral or security provided by, or granted to, our Controlling Shareholders. We are capable of obtaining, if necessary, financing from banks which are Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders and/or their close associates.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

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) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which any of our group of Controlling Shareholders or any of their close associates has a material interest, the relevant Controlling Shareholders or their close associates will not vote on the relevant resolutions;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with any of our group of Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(d) our independent non-executive Directors will review, on an annual basis, whether there are any conflict of interests between our Group and our group of Controlling Shareholders (the "**Annual Review**") and provide advice to protect the interests of our minority Shareholders;

(e) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the Annual Review;

(f) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required by the Listing Rules;

(g) where our Directors reasonably request the advice of independent professionals such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(h) we have appointed Orient Capital (Hong Kong) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong as well as the Listing Rules, including various requirements relating to corporate governance during its term of appointment.

Based on the above, our Directors believe that sufficient corporate governance measures have been or will be put in place to manage conflict of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the Listing.

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons will have or be deemed or taken to have an interest and/or short positions in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company:

			As of Latest Practicable Date		Immediately following the completion of the Global Offering (%) [2]		
Name of Shareholder	Nature of interest	Description of Shares	Number of Shares [1]	Approximate percentage of interest in the Company (%)	Number of Shares [1]	Approximate percentage of interest in the Unlisted Shares/H Shares (as appropriate) (%)	Approximate percentage of interest in the Company (%)
Dr. Kang Xinshan (康心汕)	Beneficial owner	Unlisted Shares	12,752,264	18.97	–	–	–
		H Shares	Nil	–	12,752,264	16.20	16.20
	Interest of spouse [3]	Unlisted Shares	9,918,426	14.76	–	–	–
		H Shares	Nil	–	9,918,426	12.60	12.60
	Interest in controlled corporation [4]	Unlisted Shares	5,000,000	7.44	–	–	–
		H Shares	Nil	–	5,000,000	6.35	6.35
Ms. Feng Yan	Beneficial owner	Unlisted Shares	9,918,426	14.76	–	–	–
		H Shares	Nil	–	9,918,426	12.60	12.60
	Interest of spouse [3]	Unlisted Shares	17,752,264	26.41	–	–	–
		H Shares	Nil	–	17,752,264	22.55	22.55
Tairuihe Investment	Beneficial owner [4]	Unlisted Shares	5,000,000	7.44	–	–	–
		H Shares	Nil	–	5,000,000	6.35	6.35
Mr. Tu Liandong (涂連東)	Interest in controlled corporation [5]	Unlisted Shares	7,593,750	11.30	–	–	–
		H Shares	Nil	–	7,593,750	9.65	9.65
	Interest in controlled corporation [7]	Unlisted Shares	4,485,090	6.67	–	–	–
		H Shares	Nil	–	4,485,090	5.70	5.70
	Interest in controlled corporation [8]	Unlisted Shares	3,924,610	5.84	–	–	–
		H Shares	Nil	–	3,924,610	4.99	4.99
Zhanhongda Investment	Beneficial owner [5]	Unlisted Shares	7,593,750	11.30	–	–	–
		H Shares	Nil	–	7,593,750	9.65	9.65

			As of Latest Practicable Date		Immediately following the completion of the Global Offering (%) [2]		
Name of Shareholder	Nature of interest	Description of Shares	Number of Shares [1]	Approximate percentage of interest in the Company (%)	Number of Shares [1]	Approximate percentage of interest in the Unlisted Shares/H Shares (as appropriate) (%)	Approximate percentage of interest in the Company (%)
Huaxing Venture	Beneficial owner [6]	Unlisted Shares	7,000,000	10.42	–	–	–
		H Shares	Nil	–	7,000,000	8.89	8.89
Fujian Province Investment Development Group Co., Ltd.* (福建省投資開發集團有限責任公司)	Interest in controlled corporation [6]	Unlisted Shares	7,000,000	10.42	–	–	–
		H Shares	Nil	–	7,000,000	8.89	8.89
Xiamen Jindongshi Private Equity Fund Management Co., Ltd.* (廈門金東石私募基金管理有限公司)	Interest in controlled corporation [7]	Unlisted Shares	4,485,090	6.67	–	–	–
		H Shares	Nil	–	4,485,090	5.70	5.70
	Interest in controlled corporation [8]	Unlisted Shares	3,924,610	5.84	–	–	–
		H Shares	Nil	–	3,924,610	4.99	4.99
Fuzhou Capital	Beneficial owner [9]	Unlisted Shares	4,680,000	6.96	–	–	–
		H Shares	Nil	–	4,680,000	5.95	5.95
Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司)	Interest in controlled corporation [9]	Unlisted Shares	4,680,000	6.96	–	–	–
		H Shares	Nil	–	4,680,000	5.95	5.95
Jindonghong Capital	Beneficial owner [7]	Unlisted Shares	4,485,090	6.67	–	–	–
		H Shares	Nil	–	4,485,090	5.70	5.70
Jindongshi Capital	Beneficial owner [8]	Unlisted Shares	3,924,610	5.84	–	–	–
		H Shares	Nil	–	3,924,610	4.99	4.99

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of nil Unlisted Shares in issue and 78,707,270 H Shares in issue immediately after completion of the Global Offering and the Conversion of Unlisted Shares into H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(3) Ms. Feng is the spouse of Dr. Kang. Accordingly, they are deemed to interest in the same number of Shares of each other by virtue of the SFO.

(4) As of the Latest Practicable Date, Tairuihe Investment directly held a total of 5,000,000 Shares in our Company and was one of our Employee Shareholding Platforms. Dr. Kang was the sole general partner of Tairuihe Investment and none of the limited partners of Tairuihe Investment contributed more than one third of the partnership interest in Tairuihe Investment. Accordingly, Dr. Kang is deemed to be interested in such Shares held by Tairuihe Investment by virtue of the SFO.

(5) As of the Latest Practicable Date, Zhanhongda Investment directly held a total of 7,593,750 Shares in our Company. Mr. Tu Liandong (涂連東) ("**Mr. Tu**") was the sole general partner of Zhanhongda Investment and none of the limited partners of Zhanhongda Investment contributed more than one third of the partnership interest in Zhanhongda Investment. Accordingly, Mr. Tu is deemed to be interested in such Shares held by Zhanhongda Investment by virtue of the SFO.

(6) As of the Latest Practicable Date, Huaxing Venture directly held a total of 7,000,000 Shares in our Company. It was wholly owned by Fujian Province Investment Development Group Co., Ltd.* (福建省投資開發集團有限責任公司), which in turn was controlled by Fujian SASAC, a PRC Government body. As such, Fujian Province Investment Development Group Co., Ltd.* (福建省投資開發集團有限責任公司) is deemed to be interested in such Shares held by Huaxing Venture by virtue of the SFO.

(7) As of the Latest Practicable Date, Jindonghong Capital directly held a total of 4,485,090 Shares in our Company. Xiamen Jindongshi Private Equity Fund Management Co., Ltd.* (廈門金東石私募基金管理有限公司) (previously named as Xiamen Jindongshi Investment Management Co., Ltd.* (廈門金東石投資管理有限公司)) ("**Jindongshi Management**") was the sole general partner of Jindonghong Capital, which was controlled by Mr. Tu. As such, Jindongshi Management and Mr. Tu is deemed to be interested in such Shares held by Jindonghong Capital by virtue of the SFO.

(8) As of the Latest Practicable Date, Jindongshi Capital directly held a total of 3,924,610 Shares in our Company. Jindongshi Management was the sole general manager of Jindongshi Capital, which was controlled by Mr. Tu. As such, Jindongshi Management and Mr. Tu is deemed to be interested in such Shares held by Jindongshi Capital by virtue of the SFO.

(9) As of the Latest Practicable Date, Fuzhou Capital directly held a total of 4,680,000 Shares in our Company. It was wholly owned by Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司), which in turn was controlled by Fuzhou Municipal Finance Bureau (福州市財政局), a PRC Government body. As such, Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) is deemed to be interested in such Shares held by Fuzhou Capital by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the issued share capital of our Company was RMB67,207,270, comprising 67,207,270 Unlisted Shares of nominal value RMB1.00 each.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and Conversion of Unlisted Shares into H Shares, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
Unlisted Shares in issue	–	–
H Share to be converted from Unlisted Shares	67,207,270	85.39%
H Shares to be issued under the Global Offering	11,500,000	14.61%
Total	**78,707,270**	**100.00%**

RANKING

Upon completion of the Global Offering and Conversion of Unlisted Shares into H Shares, the Shares will only consist of H Shares. Both H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed, all the filing procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need to be filed with relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Filing with the CSRC for Full Circulation

According to 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》) announced by the CSRC, for an H-share listed company, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf.

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC, an unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of 67,207,270 Unlisted Shares into H Shares on a one-for-one basis ("**Conversion of Unlisted Shares into H Shares**") upon the completion of the Listing, which has been completed on June 25, 2025.

Listing Approval by the Stock Exchange

We have applied to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from 67,207,270 Unlisted Shares on 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: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. Until the converted Shares are re-registered on our H Share register, such Shares will not be listed as H Shares. The participating shareholders may only deal in the Shares upon completion of domestic procedures.

Unlisted Shareholders can work with the Company according to the Articles of Association and follow the procedures set out in this prospectus to convert the Unlisted Shares into H Shares after the Listing if they want, provided that such conversion of Unlisted Shares into and listing and trading of H Shares will be subject to the filing procedures of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

See "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange pursuant to the Listing Rules — (B) Undertakings by the Controlling Shareholders" for details of the lock-up undertaking given by our Controlling Shareholders.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS' MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, issue or repurchase of shares. See "Appendix VI — Summary of the Articles of Association" in this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreement (the "**Cornerstone Investment Agreement**"), with the cornerstone investor set forth below (the "**Cornerstone Investor**"), pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, subscribe for or purchase, for such number of our Offer Shares (rounded down to the nearest whole board lot of 50 Shares) which may be purchased at the Offer Price with an aggregate amount of approximately US$22.0 million (to be converted to Hong Kong dollars based on the exchange rate of US$1.00 to HK$7.7828 adopted in this section) (exclusive of the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**").

Based on the Offer Price of HK$86.40, being the maximum of the indicative Offer Price range, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 1,981,700 Shares, representing approximately (i) 17.23% of the Offer Shares offered pursuant to the Global Offering and (ii) 2.52% of our total issued share capital immediately upon completion of the Global Offering.

Based on the Offer Price of HK$78.14, being the mid-point of the indicative Offer Price range, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 2,191,200 Shares, representing approximately (i) 19.05% of the Offer Shares pursuant to the Global Offering, and (ii) 2.78% of our total issued share capital upon completion of the Global Offering.

Based on the Offer Price of HK$69.88, being the minimum of the indicative Offer Price range, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be approximately 2,450,200 Shares, representing approximately (i) 21.31% of the Offer Shares pursuant to the Global Offering, and (ii) 3.11% of our total issued share capital upon completion of the Global Offering.

Our Company is of the view that, (i) the Cornerstone Placing will ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering and will provide confidence to the market; and (ii) given the background of the Cornerstone Investor, the Cornerstone Placing will help raise the profile of our Company and to signify that such investor has confidence in our business and prospect. As confirmed by our Directors, our Company became acquainted with the Cornerstone Investor through the introduction by the syndicate members.

The Cornerstone Investor will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Cornerstone Investor has agreed that the relevant Offer Shares that it will subscribe will be fully paid before the Listing. There will be no delayed delivery nor delayed settlement in respect of Offer Shares to the Cornerstone Investor. The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules.

Immediately following the completion of the Global Offering, (i) the Cornerstone Investor will not become a substantial Shareholder; and (ii) the Cornerstone Investor or its close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investor does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

To the best knowledge of our Company and after making reasonable enquiries:

(i) each of the Cornerstone Investor and its ultimate beneficial owners is an independent third party and is not our connected person or its respective associate(s) nor an existing Shareholder;

(ii) the Cornerstone Investor is not accustomed to taking instructions from our Company, our Directors, chief executive, members of our Controlling Shareholders, substantial Shareholders, other existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares;

(iii) the subscription made by the Cornerstone Investor was not financed directly or indirectly by the Company, our Directors, chief executive, members of our Controlling Shareholders, substantial Shareholders, other existing Shareholders or any of its subsidiaries or their respective close associates; and

(iv) the Cornerstone Investor has confirmed that its subscription under the Cornerstone Placing would be financed by its own internal financial resources and/or the financial resources of its ultimate beneficial owners, and that it has sufficient funds to settle its respective investments under the Cornerstone Placing.

There are no side agreements/arrangements between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the listing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the relevant cornerstone investment, it is not listed on any stock exchange and no specific approval from any stock exchange or its shareholders is required for the relevant cornerstone investment.

The total number of Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering. For details, see "Structure and Conditions of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement to be issued by our Company.

OUR CORNERSTONE INVESTOR

The following information about the Cornerstone Investor was provided to our Company by the Cornerstone Investor in relation to the Cornerstone Placing:

HARVEST INTERNATIONAL PREMIUM VALUE (SECONDARY MARKET) FUND SPC ACTING ON BEHALF OF AND FOR THE ACCOUNT OF HARVEST ORIENTAL SP

Harvest Oriental SP ("**Harvest Oriental**") is a fund launched in October 2024. Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of and for the account of Harvest Oriental is a segregated portfolio company established in the Cayman Islands and is an Independent Third Party. 91% of the management shares of Harvest International Premium Value (Secondary Market) Fund SPC are held by Harvest Global Investments Limited ("**HGI**") and 9% of the management shares are held by Harvest Global Capital Investments Limited ("**HGCI**"). Incorporated in Hong Kong in 2008, HGI is a wholly-owned subsidiary of Harvest Fund Management Co., Ltd. ("**HFM**"). HFM is owned as to 40% by China CREDIT Trust Co., Ltd. (中誠信託有限責任公司), 30% by Lixin Investment Co., Ltd. (立信投資有限責任公司) and 30% by DWS Investments Singapore Limited, all of which are Independent Third Parties. Other than China CREDIT Trust Co., Ltd. (中誠信託有限責任公司), which is held as to 32.92% by The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) (stock code: 1339) where the Ministry of Finance of the People's Republic of China owns 60.84% of its total issued shares, none of HFM's shareholders above has any ultimate beneficial owner holding 30% or more interest there in. HGCI, the fund manager of Harvest Oriental on a discretionary basis, is a company incorporated in Hong Kong in 2011 and licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. HGCI is principally engaged in asset management and investment advisory business. Chen Di (陳滌), an Independent Third Party, is the beneficial owner who holds the largest portion of the ultimate beneficial ownership of HGCI. There are four participating shareholders of Harvest Oriental, and no single participating shareholder holds 30% or more interest there in.

The table below sets forth details of the Cornerstone Placing:

		Based on Offer Price of HK$86.40 (being the maximum of the indicative Offer Price range)			Based on Offer Price of HK$78.14 (being the mid-point of the indicative Offer Price range)			Based on Offer Price of HK$69.88 (being the minimum of the indicative Offer Price range)		
Name of Cornerstone Investor	Investment Amount Approximate *(US$ million)*[1]	Number of Offer Shares[2]	Approximate % of Offer Shares	Approximate % of total Shares in issue	Number of Offer Shares[2]	Approximate % of Offer Shares	Approximate % of total Shares in issue	Number of Offer Shares[2]	Approximate % of Offer Shares	Approximate % of total Shares in issue
Harvest Oriental	22	1,981,700	17.23%	2.52%	2,191,200	19.05%	2.78%	2,450,200	21.31%	3.11%
Total	**22**	**1,981,700**	**17.23%**	**2.52%**	**2,191,200**	**19.05%**	**2.78%**	**2,450,200**	**21.31%**	**3.11%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy.

(2) Subject to rounding down to the nearest whole board lot of 50 Shares. Calculated based on the exchange rates as described in the section headed "Information about this Prospectus and the Global Offering — Currency Translations" in this prospectus. The actual investment amount of the Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement entered into by (among others) the Company and the Overall Coordinators, and have become effective and unconditional in accordance with their respective original terms or as amended or waived by the agreement parties thereafter by no later than the time and date as specified therein, and neither of the aforesaid underwriting agreements having been terminated;

b) the Offer Price having been agreed by the Company and the Overall Coordinators (for themselves and on behalf of the other underwriters);

c) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Investor Shares and applicable waivers applied in connection with the Listing Application) and that such approval, waivers or permission having not been revoked prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange;

d) no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated in the Global Offering or herein and there shall be no orders or injunctions from a governmental authority or courts of competent jurisdiction in effect precluding or prohibiting consummation of such transactions contemplated under the Global Offering or hereunder; and

e) The respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are and will be accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that without the prior written consent of each of the Company, the Overall Coordinators and the Joint Sponsors, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), (i) dispose of any of the Offer Shares it has subscribed for pursuant to the Cornerstone Investment Agreement (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares; (ii) agrees, enters into an agreement or publicly announces an intention to enter into such a transaction with any third party for disposal of the Relevant Shares; (iii) allow itself to undergo a change of control (as defined in The Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC) at the level of its ultimate beneficial owner; or (iv) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

The Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances set out in Cornerstone Investment Agreement, such as a transfer to a wholly-owned subsidiary that will be bound by the relevant Cornerstone Investor's obligations under its Cornerstone Investment Agreement, and be subject to the restrictions on disposal of Relevant Shares imposed on such Cornerstone Investor.

*You should read the following discussion and analysis in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2022, 2023 and 2024, and the notes thereto included in the Accountants' Report set out in Appendix I to this prospectus which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the selected historical financial information and operating data included elsewhere in this prospectus. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors". In evaluating our business, you should carefully consider the information provided in this prospectus including but not limited to the sections headed "Risk Factors" and "Business" in this prospectus.*

OVERVIEW

We are a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities, with a pipeline of innovative drug candidates. We have a diversified product portfolio and pipeline in the largest and fastest growing therapeutic areas in China. As of the Latest Practicable Date, our commercialized product portfolio primarily consisted of generic drugs for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases. According to CIC, these therapeutic areas accounted for over 25% of the total pharmaceutical sales in China in 2023. Our innovative drug pipeline focuses on drug candidates in a variety of indications, including one potential first-in-class oncology drug candidate, one potential first oral drug therapy for wAMD/DME/RVO, and two other innovative preclinical-stage drug candidates in oncology and respiratory diseases.

We had obtained approval from the NMPA for 15 generic drugs and established a pipeline of four innovative drug candidates as of the Latest Practicable Date, making us a key market participant in the pharmaceutical industry in China. To protect our products and drug candidates throughout their lifecycle, we have established a global patent portfolio that consisted of 37 patents as of the Latest Practicable Date, including 18 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries. In addition, we plan to actively explore opportunities to collaborate with multinational corporations (MNCs) to expand our international clinical research and commercialization capacities.

In 2024, we were recognized as one of the National Specialized and Innovative "Little Giant" Enterprises by the Ministry of Industry and Information Technology (國家專精特新「小巨人」企業). In 2023, we were recognized as one of the Specialized and Innovative Small and Medium-sized Enterprises in Fujian Province by the Department of Industry and Information Technology of Fujian Province (福建省專精特新中小企業). We are the first pharmaceutical company in Fujian Province and among the first five pharmaceutical companies in China to obtain the MAH license.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our revenue amounted to RMB212.5 million, RMB316.6 million, RMB466.7 million and RMB249.2 million, respectively, and our gross profit amounted to RMB172.1 million, RMB263.6 million, RMB387.2 million and RMB209.3 million, respectively.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**"). For the purpose of preparing the Historical Financial Information, all applicable new and revised IFRS Accounting Standards have been adopted for the Track Record Period, except for the new standards or interpretations that are not yet effective for the Track Record Period. The measurement basis used in the preparation of our Historical Financial Information is the historical cost basis, except for certain financial assets and liabilities that are stated at their fair value. See Note 1 in the Accountants' Report that is set out in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control. These factors include but are not limited to the following.

The Growth of Pharmaceutical Market, and in Particular, the Therapeutic Areas We Focus on

We believe that the overall growth of the PRC pharmaceutical market, and in particular, the therapeutic areas we focus on, has significantly, and will continue to significantly impact, our revenue growth. We are a pharmaceutical company in the commercialization stage that integrates R&D, production and sales capacities with generic products and innovative drug candidates in therapeutic areas with immense market potential. Our diversified generic drug product portfolio spans across digestive system diseases, endocrine system diseases, cardiovascular diseases, nervous system diseases, and inflammatory diseases, many of which are among the largest therapeutic areas in China according to CIC. We also focus on the R&D of four innovative drug candidates covering different therapeutic areas, with one of our key innovative products, C019199, progressing to the clinical trial stage.

The continued economic growth, increasing healthcare expenditure, expanding medical insurance coverage and aging population have driven, and are expected to continue to drive, the rapid growth of both the PRC and global pharmaceutical market. China's pharmaceutical market in terms of sales revenue is expected to continue to grow at a CAGR of 6.3% from RMB1,781.6 billion in 2024 to RMB2,914.9 billion in 2032. The global oncology drug market in terms of sales revenue is expected to continue to grow at a CAGR of 8.9% from US$262.1 billion in 2024 to US$519.6 billion in 2032. For details, see "Industry Overview" in this prospectus. We believe we are well positioned to capitalize on the continued growth of the overall global and PRC pharmaceutical market and some of its largest or fastest growing therapeutic areas which we strategically focus on.

Our Ability to Develop, Commercialize and Increase Market Share of Our Products

Our ability to develop new products, replenish our product pipeline with additional product candidates, and increase market share of our commercialized products has had, and will continue to have, a significant impact on our results of operations and business prospects.

We have a proven track record in developing and commercializing several generic drugs, certain of which were generic pharmaceutical products that obtained regulatory approvals in a timely manner and have gained widespread market acceptance in China, according to CIC. As of the Latest Practicable Date, we have developed a product portfolio encompassing 15 approved generic drugs covering digestive system diseases, endocrine system diseases, cardiovascular diseases, nervous system diseases, and inflammatory diseases, we are well-positioned to endure market dynamics and regulatory changes. This strategic diversity ensures our ability to sustain a robust financial growth trajectory. Our revenue increased by 49.0% from RMB212.5 million in 2022 to RMB316.6 million in 2023, and increased by 47.4% from RMB316.6 million in 2023 to RMB466.7 million in 2024. Our revenue increased by 38.0% from RMB180.6 million in the five months ended May 31, 2024 to RMB249.2 million in the five months ended May 31, 2025. We will continuously evaluate the product portfolio to allocate our resources towards products with promising market outlook and high profitability.

Additionally, we are dedicated to developing a portfolio of more advantageous product candidates to adeptly respond to possible changes in the future. In the next three years, we expect to (i) further develop and commercialize our current generic product candidates to the market, (ii) initiate Phase II and Phase III clinical trials of C019199 in combination with anti-PD-1 mAbs in China and apply for clinical trials for such combination therapy in the U.S., (iii) initiate Phase I and Phase II clinical trial for multiple locally advanced or metastatic solid tumors in China and apply for clinical trials in the U.S., and (iv) conduct clinical development of other in-development innovative drug pipelines. We believe innovative drugs and generic drugs regarded as first-to-market products generally command higher margins and provide the advantage of rapid market penetration.

Our results of operations and business prospects also depend on our ability to successfully increase market share of our commercialized products. The sales volume of our commercialized products will be affected by the level of our market penetration. We plan to continue to strengthen our highly specialized sales and distribution network and expand and empower our skilled in-house sales force, which we believe can contribute to the sales growth of our commercialized products.

Our ability to successfully develop, commercialize and increase market share of our products is subject to several risks and uncertainties, many of which are beyond our control. For details, see "Risk Factors — Risk Relating to Our Industry and Sales of Our Products — We face significant competition in the pharmaceuticals industry. If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected" and "Risk Factors — Risk Relating to Our Drug Candidates — If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing the foregoing, our business prospects could be adversely affected" in this prospectus.

The implementation and expansion of the volume-based procurement for sales of drugs to PRC public medical institutions and our Ability to Compete in the Centralized Tender Process for Pharmaceutical Procurement by Public Medical Institutions in China

On November 15, 2018, the Joint Procurement Office led by the National Healthcare Security Administration published the Papers on Centralized Drug Procurement in "4+7 Cities" (the "**Papers**"), which launched the volume-based procurement (the "**VBP**") of public hospitals. The Papers listed 31 drugs for this pilot scheme together with an intended quantity commitment for each drug. The manufacturers and importers of the drugs are invited to bid to supply the drugs to public medical institutions in the "4+7 Cities." The move is aimed at reducing drug prices and may potentially impact how drugs are priced and procured in China. On January 1, 2019, the General Office of the State Council also published the Notice of Issuing Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State (國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知), which provides additional detailed measures in the implementation of the volume-based procurement in the "4+7 Cities." For details, see "Regulatory Overview — Regulations and Policies on New Drugs — The Drug Centralized Procurement in "4+7 Cities" and Nationwide" in this prospectus.

We submit bids in a centralized tender process to supply our products to public institutions at specified prices. These bids are generally considered based on, among other things, price competitiveness, product quality, clinical effectiveness, as well as qualifications and reputation of the manufacturer. If we are successful in winning bids in a centralized tender process, the relevant products will be sold to the public medical institutions at the bid prices, which is the primary determinant of prices at which we sell our products to our distributors. The centralized tender process has created pricing pressure among substitute products or products that are perceived to be substitute products, including our products. And our sales volumes and profitability depend on our success in bidding in centralized tender processes at profitable levels. While the VBP policy allows us to sell our drug products in larger volumes, it also exerts downward pressure on the prices at which we sell our products to our distributors, thus impacting our gross profits and gross profit margins. Such policy embodies a PRC regulatory aim to significantly reduce the drug prices and reduce the burden of pharmaceutical costs on patients. We will continue to monitor the potential impact caused by these regulations. As of the Latest Practicable Date, eight of our products have been included in national or provincial VBP Schemes. For details of our products included in the VBP Schemes, see "Business — Pricing" in this prospectus.

If we are unable to differentiate our products or are otherwise not successful in winning bids in the centralized tender processes at profitable levels, we will lose the revenue associated with the sale of the affected products to the relevant public medical institutions. For details, see "Risk Factors — Risks Relating to Our Industry and Sales of Our Products — If we are unable to succeed in tender processes to sell our products to PRC public hospitals and other medical institutions, we may lose market share and our revenue and profitability could be materially and adversely affected" in this prospectus.

The Inclusion of Our Products in the National or Provincial or Other Government-Sponsored Medical Insurance Programs in China

Under the medical insurance programs in China, patients are entitled to reimbursement of all or a portion of the cost of pharmaceutical products listed in the NRDL, the provincial medical insurance catalogs or critical illness medical insurance catalogs at provincial-or local-levels. Consequently, the inclusion or exclusion of a product in or from any of these medical insurance programs will significantly affect the demand for such product in China. For details, see "Risk Factors — Risk Relating to Our Industry and Sales of Our Products — If our products are excluded or removed from national, provincial or other government-sponsored medical insurance programs, or are included in any national or provincial negative catalogs, our sales, profitability and business prospects could be materially and adversely affected" in this prospectus.

As of the Latest Practicable Date, all of our marketed drug products were included in the NRDL. Our revenue from sales of our marketed products accounted for 96.6%, 98.4%, 98.9% and 100% of our total revenue, respectively, in 2022, 2023, 2024 and the five months ended May 31, 2025.

While the inclusion of a pharmaceutical product in these national, provincial or other government-sponsored medical insurance programs can significantly increase its demand and potentially sales volume, products so included were subject to relevant pricing regulation and face pricing pressure in the centralized tender process. See "Risk Factors — Risks Relating to Our Industry and Sales of Our Products — Our products may be subject to price restrictions such as VBP and may continue to experience downward pressure on product prices in China" in this prospectus.

On balance, we believe the overall benefits of inclusion of our products in the national, provincial or other government-sponsored medical insurance programs in China significantly outweighed the associated costs during the Track Record Period, and we believe the benefits of such inclusion will continue to contribute to our business growth in the foreseeable future.

Our Ability to Effectively Control Our Costs and Expenses

Our profitability has benefited from our effective control of cost of sales/services. Our cost of sales/services consists primarily of cost of raw materials and outsourcing fees. We primarily engaged CMOs for production of our marketed drugs during Track Record Period and have devoted significant efforts to develop our own production facility, Changle Facility, to further optimize our production cost in the future. During the Track Record Period, our cost of sales/services as a percentage of revenue has decreased from 19.0% in 2022 to 16.0% in the five months ended May 31, 2025.

Our operating expenses include research and development expenses, distribution and selling expenses, as well as administrative expenses. Distribution and selling expenses are the largest component of our operating expenses, amounted to RMB46.8 million, RMB93.1 million, RMB165.7 million and RMB83.3 million in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. We adopt distributorship model and established a network of independent distributors to sell our products in China. We expect to continue to devote resources to commercialize and market our approved products and any existing or future product candidates that may be approved. As a result, our sales and distribution expenses are expected to continue to be a major component of our operating expenses. In line with our R&D progress of innovative pipelines, our research and development expenses increased from RMB34.8 million in 2022 to RMB36.1 million in 2023, and increased to RMB67.5 million in 2024. The research and development expenses increased from RMB17.4 million in the five months ended May 31, 2024 to RMB22.5 million in the five months ended May 31, 2025. Our research and development expenses primarily relate to the payments to CROs, clinical trial centers or medical institutions for clinical trials, testing and pilot manufacturing. We intended to increase R&D investment to advance the drug candidates in our pipeline and to enrich our product portfolio. Therefore, we expect our research and development expenses to rise as a percentage of operating expenses.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. When reviewing our financial statements, you should consider (i) our selection of 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. For details of our material accounting policies, judgments and estimates, see Note 3 and 4 to the Accountants' Report in Appendix I to this prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years/periods indicated.

	Years ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	212,465	316,633	466,683	180,603	249,216
Cost of sales/services	(40,393)	(52,994)	(79,489)	(30,017)	(39,940)
Gross profit	172,072	263,639	387,194	150,586	209,276
Research and development expenses	(34,820)	(36,061)	(67,525)	(17,416)	(22,513)
Distribution and selling expenses	(46,848)	(93,100)	(165,682)	(56,537)	(83,323)
Administrative expenses	(10,052)	(14,197)	(20,961)	(5,241)	(7,688)
Finance costs	(24,733)	(7,748)	(7,221)	(2,976)	(2,249)
Other income, expense, gains and losses, net	18,145	20,280	31,023	2,958	12,111
Listing expenses	–	–	(7,834)	–	(2,148)
Profit before tax	73,764	132,813	148,994	71,374	103,466
Income tax expense	(4,783)	(15,359)	(12,915)	(8,407)	(13,257)
Profit for the year/period	68,981	117,454	136,079	62,967	90,209

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

In 2022, 2023 and 2024, our revenue amounted to RMB212.5 million, RMB316.6 million and RMB466.7 million, respectively. In the five months ended May 31, 2024 and 2025, our revenue amounted to RMB180.6 million and RMB249.2 million, respectively. During the Track Record Period, we generated a substantial part of our revenue from sales of pharmaceutical products, and to a lesser extent, from our offering of R&D services to pharmaceutical companies for their drug candidates. For details of our offering of R&D services, see "Business — Research and Development — Our Offering of R&D Services" in this prospectus. During the Track Record Period, all of our revenue were generated in China.

Revenue by Nature

The following table sets forth a breakdown of our revenue by nature in both absolute amounts and as percentages of our revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of pharmaceutical products	205,334	96.6%	311,529	98.4%	461,529	98.9%	177,775	98.4%	249,147	100.0%
Service income	7,131	3.4%	5,104	1.6%	5,154	1.1%	2,828	1.6%	69	0.0%
Total	**212,465**	**100.0%**	**316,633**	**100.0%**	**466,683**	**100.0%**	**180,603**	**100.0%**	**249,216**	**100.0%**

Sales of Pharmaceutical Products by Therapeutic Areas

The following table sets forth a breakdown of our revenue from sales of pharmaceutical products by therapeutic areas in both absolute amounts and as percentages of total revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Digestive system	160,973	78.4%	146,096	46.9%	146,499	31.7%	61,718	34.7%	73,639	29.6%
Endocrine system	34,614	16.9%	40,255	12.9%	47,949	10.4%	18,924	10.6%	17,385	7%
Cardiovascular system	8,627	4.2%	115,040	36.9%	209,464	45.4%	78,168	44%	131,192	52.6%
Nervous system	571	0.3%	5,363	1.7%	10,064	2.2%	3,027	1.7%	6,063	2.4%
Inflammatory diseases	548	0.3%	4,776	1.5%	47,553	10.3%	15,938	9.0%	20,868	8.4%
Total	**205,334**	**100.0%**	**311,529**	**100.0%**	**461,529**	**100.0%**	**177,775**	**100.0%**	**249,147**	**100.0%**

Sales of Pharmaceutical Products

The following table sets forth a breakdown of revenue from sales of pharmaceutical products by marketed products during the Track Record Period in absolute amounts and as percentages of total revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Anbili (安必力®)	160,973	78.4%	146,096	46.9%	145,984	31.6%	61,718	34.7%	72,922	29.3%
Ruiantuo (瑞安妥®)	34,614	16.9%	40,255	12.9%	47,949	10.4%	18,924	10.6%	17,385	7.0%
Haihuitong (海慧通®)	5,965	2.9%	102,911	33.0%	187,339	40.6%	70,407	39.6%	118,866	47.7%
Haibiping (海必平®)	2,661	1.3%	12,129	3.9%	20,779	4.5%	7,761	4.4%	11,538	4.6%
Anyoufan (安优凡®)	571	0.3%	5,363	1.7%	10,064	2.2%	3,027	1.7%	6,063	2.4%
Saixifu (赛西福®)	–	–	–	–	43,729	9.5%	14,212	8.0%	19,220	7.7%
Others	548	0.3%	4,776	1.5%	5,685	1.2%	1,726	1.0%	3,153	1.3%
Total	**205,334**	**100.0%**	**311,529**	**100.0%**	**461,529**	**100.0%**	**177,775**	**100.0%**	**249,147**	**100.0%**

Cost of Sales/Services

Our cost of sales/services consists of cost of raw materials, outsourcing fees, manufacturing costs, shipping costs, cost of sharing and others. In 2022, 2023 and 2024, our cost of sales/services was RMB40.4 million, RMB53.0 million and RMB79.5 million, accounting for 19.0%, 16.7% and 17.0% of our total revenue in the respective years, respectively. In the five months ended May 31, 2024 and 2025, our cost of sales/services amounted to RMB30.0 million and RMB39.9 million, accounting for 16.6% and 16.0% of our total revenue in the respective periods, respectively.

Our cost of raw materials primarily consists of cost of APIs, packaging materials and excipients used in production of our marketed drugs. Outsourcing fees are primarily production services fees paid to CMOs. Manufacturing costs mainly comprise the expenses relating to our quality control procedures and manufacturing management. Shipping costs are primarily the fees for delivery of the drug products to the distributors. Cost of sharing is part of the annual sales profits of certain co-developed drugs, in accordance with an agreed-upon ratio, paid to partners which entered into R&D collaborative arrangements with us and thus collaborate with us in terms of the R&D and drug registration approval of the relevant drug product. During the Track Record Period, we have worked together with partners of collaborative arrangements in the research and development of certain of our drug products. The cost of sharing increased in each year/period in the Track Record Period, which was primarily contributed by the sales of Anyoufan (安优凡®) in 2022 and 2023, Saixifu (赛西福®) and Anyoufan (安优凡®) in 2024, and Anyoufan (安优凡®) in the five months ended May 31, 2025. In 2022, 2023, 2024 and the five months ended May 31, 2025, the revenue from sales of Anyoufan (安优凡®) was RMB0.6 million, RMB5.4 million, RMB10.1 million, and RMB6.1 million, respectively. In 2024 and the five months ended May 31, 2025, the revenue from sales of Saixifu (赛西福®) was RMB43.7 million and RMB19.2 million, respectively. In addition, after Saixifu (赛西福®) was selected in the Tenth National VBP Scheme in December 2024, no profit from the sales of Saixifu (赛西福®) was required to be shared with our collaborative partner in the five months ended May 31, 2025 as it did not reach the relevant threshold as stipulated in the relevant R&D collaboration agreement. The increasing trend in cost of sharing was primarily due to the increase in the number of the relevant pharmaceutical products we sold and the sales revenue, and, to a lesser extent, the relatively higher profit sharing ratio of Anyoufan (安优凡®) and Saixifu (赛西福®) as compared with some other drug products. For details of our R&D collaboration with our collaborative partners, see "Business — Research and Development — R&D Collaboration Arrangements" in this prospectus.

The following table sets forth a breakdown of our cost of sales/services by nature in absolute amounts and as percentages of our total cost of sales/services for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Cost of raw materials	24,560	60.8%	30,208	57.0%	37,890	47.7%	15,115	50.4%	19,621	49.1%
Outsourcing fees	11,948	29.6%	14,908	28.1%	20,950	26.4%	8,099	27.0%	13,162	33.0%
Manufacturing costs	751	1.9%	976	1.8%	1,799	2.3%	653	2.1%	649	1.6%
Shipping costs	684	1.7%	879	1.7%	1,234	1.6%	472	1.6%	710	1.8%
Cost of sharing	208	0.5%	1,935	3.7%	12,406	15.6%	4,624	15.4%	3,463	8.7%
Others[(1)]	2,243	5.6%	4,089	7.7%	5,210	6.6%	1,054	3.5%	2,335	5.8%
Total	**40,393**	**100.0%**	**52,994**	**100.0%**	**79,489**	**100.0%**	**30,017**	**100.0%**	**39,940**	**100.0%**

Note: "Others" are primarily the material costs and labor costs incurred in production and our provision of R&D services.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales/services. Gross profit margin represents our gross profit as a percentage of our revenue. In 2022, 2023 and 2024, our gross profit was RMB172.1 million, RMB263.6 million and RMB387.2 million, representing a gross profit margin of 81.0%, 83.3% and 83.0%, respectively. In the five months ended May 31, 2024 and 2025, our gross profit was RMB150.6 million and RMB209.3 million, representing a gross profit margin of 83.4% and 84.0%, respectively.

Research and Development Expenses

Our research and development (R&D) expenses primarily consist of CRO and clinical-related expenses, staff costs, R&D material costs, depreciation and amortization and other R&D expenses. Our CRO and clinical-related expenses primarily consist of the payments to CROs we commissioned for conducting clinical trials, testing fees and pilot manufacturing expenses. Staff costs mainly include remuneration of our R&D personnel. Our R&D material costs mainly comprise the costs of materials used in our internal R&D projects, testing and experiment expenses. Depreciation and amortization mainly consist of depreciation of property, plant and equipment in association with our research and development.

The table below sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of our total research and development costs for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
CRO and clinical-related expenses	20,837	59.8%	15,827	43.9%	39,649	58.7%	9,561	54.9%	9,855	43.9%
Staff costs	7,343	21.1%	11,875	32.9%	15,243	22.6%	4,372	25.1%	5,988	26.5%
R&D material costs	4,107	11.8%	4,801	13.3%	7,859	11.6%	2,050	11.8%	3,495	15.5%
Depreciation and amortization	1,465	4.2%	1,760	4.9%	2,854	4.2%	1,244	7.1%	1,174	5.2%
Others[(1)]	1,067	3.1%	1,798	5.0%	1,920	2.8%	189	1.1%	2,001	8.9%
Total	**34,820**	**100.0%**	**36,061**	**100.0%**	**67,525**	**100.0%**	**17,416**	**100.0%**	**22,513**	**100.0%**

Note:

(1) "Others" mainly comprises patent application fees, drug registration fees and travel and accommodation expenses for R&D personnel.

Distribution and Selling Expenses

Our distribution and selling expenses primarily consist of marketing expenses, staff costs and others. Marketing expenses primarily comprise service fees paid to marketing service providers for various marketing activities, including expenses associated with (i) distribution channel management services, comprising (a) distributor management, (b) pharmacy network development and (c) healthcare institution engagement; (ii) market research services; and (iii) product promotion services. For details of the marketing services, please see "Business — Sales, Marketing and Distribution — Marketing Services Providers" in this Prospectus. In terms of distributor channel management services, we normally offer compensation fees to our marketing service providers based on their work performance when they handle the hospital or pharmacy access procedures, as well as the scale of the relevant hospital or pharmacy. For market research services, the compensation fees are determined based on the tier of hospitals or scale of the pharmacies surveyed. For a research report for chain pharmacies, the compensation fees are higher because it involves various branches, and lower for individual pharmacies. For product promotion services, we normally allocate funds to our marketing service providers based on number of participants and scale of the seminars. Staff costs mainly include remuneration of our personnel in charge of marketing and sales related affairs.

We incurred substantial marketing expenses during the Track Record Period, which reflected our strategic focus on maintaining and enhancing our market position. The increase in marketing expenses during the Track Record Period aligns with the growing number of the drugs products included in the VBP schemes and their rising sales during the same period. The ongoing efforts to defend our market share for our major marketed products, such as Anbili (安必力®), even after their inclusion in the VBP schemes, necessitate sustained marketing activities. In particular, the following activities have contributed to our marketing expenditures:

(i) market access and channel management after inclusion in VBP schemes: following successful bids or bid renewals, we undertake market access efforts and channel management to support product launches in newly included provinces. Our efforts include distributor management, pharmacy network development, and ongoing engagement with healthcare institutions. It is critical to leverage our marketing services providers' assistance to navigate the required administrative procedures to expedite the inclusion of our products into hospital formularies. Earlier initial sales of our products would facilitate fulfillment of contracted volumes and increase the total volume procured by healthcare institutions within a procurement cycle. In addition, the VBP scheme requires effective logistics and inventory management to fulfill contracted volumes and prevent supply shortages. While our distributors manage the delivery of our products, we, with the assistance by our marketing service providers, oversee the overall supply process and conduct product/inventory coordination. In particular, growing sales of our products, such as Ruiantuo (瑞安妥®), Haibiping (海必平®), Saixifu (賽西福®) and Haihuitong (海慧通®), have driven the increased marketing expenditures as they require greater investment in distribution management for healthcare institutions and pharmacies;

(ii) market research activities to formulate sales strategies: our marketing services providers conduct comprehensive market research to assess the sales performance of our products and gain market insights such as the performance of the competing products in same provinces. These insights enable us to optimize resource allocation, and formulate and refine our sales strategies.

(iii) expansion beyond agreed-upon VBP procurement requirements for products included in VBP schemes: our growth strategy includes expansion beyond the agreed-upon VBP volumes by targeting (i) healthcare institutions that are not required to participate in the VBP scheme within the VBP scheme implemented provinces such as certain private hospitals and pharmacies, and (ii) geographic markets where provincial VBP schemes have not yet been implemented. This effort is essential to capture additional market share. To execute this, our marketing service providers are involved in healthcare institution and pharmacy network development, such as preparing necessary documentation for hospital access procedures to facilitate the product introduction in non-VBP based hospitals, and visiting pharmacies to introduce our products and facilitate product placement; and

(iv) support for products not included in VBP schemes: for products not currently included in the VBP scheme, we continue to invest in marketing activities to differentiate our products and maintain their competitiveness. For example, our marketing services providers help us in market education initiatives by sharing practical guidance on the characteristics and clinical usage of our products, supporting healthcare professionals as they evaluate and incorporate the use of our products into their clinical practice. We believe that these activities enhance understanding and recognition of our product among physicians and patients, thereby strengthening prescription adoption rates.

The following table sets forth the details of our top five marketing service providers in each year/period during the Track Record Period.

In the five months ended May 31, 2025

Ranking	Marketing Service Provider	Region Covered	Products Covered
1	Service Provider A	Beijing, Gansu, Henan, Hubei, Inner Mongolia, Shandong, Shaanxi and Tianjin	Anbili (安必力®), Saixifu (赛西福®), Ruiantuo (瑞安妥®), Haihuitong (海慧通®) and Haibiping (海必平®)
2	Service Provider B	Fujian, Guangdong, Hainan, Jiangxi and Sichuan	Anbili (安必力®), Saixifu (赛西福®) and Haihuitong (海慧通®)
3	Service Provider C	Zhejiang	Haihuitong (海慧通®)
4	Service Provider D	Anhui, Fujian, Guangdong, Guangxi, Hebei, Hunan, Jiangsu, Shandong, Shanghai, Zhejiang and Yunnan	Anbili (安必力®), Haikexi (海可喜®), Anbili (安必力®), Saixifu (赛西福®), Ruiantuo (瑞安妥®), Haihuitong (海慧通®) and Haibiping (海必平®)
5	Service Provider E	Jiangsu	Anbili (安必力®)

In the year ended December 31, 2024

Ranking	Marketing Service Provider	Region Covered	Products Covered
1	Service Provider A	Anhui, Beijing, Gansu, Hebei, Henan, Hubei, Inner Mongolia, Qinghai, Shandong, Shaanxi and Tianjin	Anbili (安必力®), Ruiantuo (瑞安妥®), Haihuitong (海慧通®), Haibiping (海必平®) and Saixifu (赛西福®)
2	Service Provider B	Fujian, Guangdong, Guangxi, Hainan, Jiangxi, Sichuan and Yunnan	Anbili (安必力®), Saixifu (赛西福®) and Haihuitong (海慧通®)
3	Service Provider C	Zhejiang	Haihuitong (海慧通®)
4	Service Provider F	Jiangsu and Shanghai	Anbili (安必力®) and Ruiantuo (瑞安妥®)
5	Service Provider G	Guangdong	Haihuitong (海慧通®)

In the year ended December 31, 2023

Ranking	Marketing Service Provider	Region Covered	Products Covered
1	Service Provider B	Fujian, Guangdong, Guangxi, Hainan, Jiangxi and Yunnan	Anbili (安必力®) and Haihuitong (海慧通®)
2	Service Provider F	Anhui, Beijing, Gansu, Hebei, Henan, Jiangsu, Shandong, Shanghai and Yunnan	Anbili (安必力®), Ruiantuo (瑞安妥®) and Haibiping (海必平®)
3	Service Provider A	Anhui, Beijing, Gansu, Hebei, Henan, Inner Mongolia, Qinghai, Shandong, Shaanxi and Tianjin	Anbili (安必力®), Ruiantuo (瑞安妥®), Haihuitong (海慧通®) and Haibiping (海必平®)
4	Service Provider C	Zhejiang	Haihuitong (海慧通®)
5	Service Provider G	Guangdong and Jiangsu	Anbili (安必力®) and Haihuitong (海慧通®)

In the year ended December 31, 2022

Ranking	Marketing Service Provider	Region Covered	Products Covered
1	Service Provider G	Anhui and Guangdong	Anbili (安必力®)
2	Service Provider H	Jiangsu	Anbili (安必力®)
3	Service Provider F	Beijing, Henan, Anhui and Shandong	Anbili (安必力®), Ruiantuo (瑞安妥®) and Haibiping (海必平®)
4	Service Provider I	Beijing and Hebei	Anbili (安必力®) and Ruiantuo (瑞安妥®)
5	Service Provider J	Guangxi	Anbili (安必力®)

To the best knowledge of our Directors, all marketing service providers engaged during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of marketing service providers during the Track Record Period.

The following table sets forth a breakdown of our distribution and selling expenses in absolute amounts and as percentages of our total distribution and selling expenses for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Marketing expenses	43,118	92.0%	85,629	92.0%	156,353	94.4%	53,769	95.1%	79,884	95.9%
Staff costs	2,813	6.0%	5,880	6.3%	7,493	4.5%	2,267	4.0%	2,715	3.2%
Others[(1)]	918	2.0%	1,591	1.7%	1,836	1.1%	501	0.9%	724	0.9%
Total	**46,848**	**100.0%**	**93,100**	**100.0%**	**165,682**	**100.0%**	**56,537**	**100.0%**	**83,323**	**100.0%**

Note:

(1) "Others" primarily comprises travel and accommodation expenses incurred by our sales staff.

Administrative Expenses

Our administrative expenses primarily consist of staff costs, professional service fees, depreciation and amortization and business development fees. Staff costs mainly include remuneration of our administrative personnel. Depreciation and amortization primarily relate to the property, equipment and right-of-use assets.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of our total administrative expenses, for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	4,887	48.6%	6,911	48.7%	9,955	47.5%	3,146	60.0%	3,971	51.7%
Professional service fees	2,140	21.3%	3,226	22.7%	2,495	11.9%	333	6.4%	363	4.7%
Depreciation and amortization	1,034	10.3%	1,241	8.7%	1,152	5.5%	481	9.2%	478	6.2%
Utilities expenses	413	4.1%	547	3.9%	2,214	10.6%	151	2.9%	1,461	19.0%
Office expenses	358	3.6%	695	4.9%	1,459	7.0%	282	5.3%	724	9.4%
Business development fees	120	1.2%	426	3.0%	950	4.5%	450	8.6%	184	2.4%
Travel and accommodation expenses	215	2.1%	262	1.8%	250	1.2%	33	0.6%	129	1.7%
Others[(1)]	885	8.8%	890	6.3%	2,486	11.9%	365	7.0%	378	4.9%
Total	**10,052**	**100.0%**	**14,197**	**100.0%**	**20,961**	**100.0%**	**5,241**	**100.0%**	**7,688**	**100.0%**

Note:

(1) "Others" primarily comprises shipping costs and training expenses incurred by administrative personnel.

Finance Costs

Our finance costs consist of interest expenses on lease liabilities and bank and other borrowings. Interest expenses on bank and other borrowings primarily represents the payments to the collaborative partners of certain generic drugs. For details of the collaborative partner, see "Business — Research and Development — R&D Collaboration Arrangements" in this prospectus. In 2022, 2023 and 2024, our finance costs were RMB24.7 million, RMB7.7 million and RMB7.2 million, accounting for 11.6%, 2.4% and 1.5% of our total revenue for the respective year, respectively. In the five months ended May 31, 2024 and 2025, our finance costs were RMB3.0 million and RMB2.2 million, accounting for 1.6% and 0.9% of our total revenue for the respective period, respectively.

The following table sets forth a breakdown of finance costs for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Interest expenses on					
Lease liabilities	398	364	379	166	137
Bank and other borrowings	24,335	7,384	6,842	2,810	2,112
Total	**24,733**	**7,748**	**7,221**	**2,976**	**2,249**

Other Income, Expenses, Gains and Losses, Net

Our other income, expenses, gains and losses, net primarily consist of other income or expenses, impairment losses (recognized) reversed on and other gains or losses. Our other income or expenses primarily consists of interest income from short-term fixed deposits, government grants and listing expenses. Government grants are mainly granted by PRC local authorities and primarily consist of high-tech enterprise subsidies, subsidies for our recruitment of talented personnel, subsidies awarded to support our research and development activities. During the Track Record Period, there were no unfulfilled conditions related to these government grants. Our other gains or losses primarily consist of gains from partners of R&D collaborative arrangements. Under relevant agreements, we act as the MAH and collaborate with our partners to develop drug products and apply for registration approval. We receive advance payment from our partners and share the annual sales profits of the product, after it is launched. After cost-allocation, the remaining portion of the payments upon milestone events we receive from our collaboration partners can be retained by us, and is recorded as other gains. The changes in other gains generated during the Track Record Period reflected the movement in our retained amount of the advance payment received from partners, which were firstly applied to offset the proportional R&D or drug registration costs obligations of our partners. For details of our R&D collaborative agreements, see "Business — Research and Development — R&D Collaboration Arrangement". For details of recognition on the other gains, see Note 7 to the Accountants' Report as set out in Appendix I to this prospectus.

The following table sets forth a breakdown of our net other income, expense, gains and losses for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Other income (expenses)	7,470	13,089	13,294	1,777	2,992
Impairment losses (recognised) reversed on:	56	(671)	(129)	396	(205)
Other gains (losses)	10,619	7,862	17,858	785	9,324
Total	**18,145**	**20,280**	**31,023**	**2,958**	**12,111**

Income Tax Expense

The income tax expense consists of current tax and deferred tax. We incurred income tax expense of RMB4.8 million, RMB15.4 million and RMB12.9 million in 2022, 2023 and 2024, respectively. We incurred income tax expense of RMB8.4 million and RMB13.3 million in the five months ended May 31, 2024 and 2025, respectively.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiary established in the mainland China is 25%. On December 15, 2021, we were granted the "Certificate of New Hi-tech Enterprise" effective for a period of three year from the same date. Accordingly, our Company is subject to the preferential EIT rate of 15% for 2022 and 2023. We have passed the review by relevant authorities in December 2024 and are entitled to preferential EIT rate of 15% for the following three years. For details of our preferential tax treatment, see Note 8 to the Accountants' Report in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2025 Compared to Five Months Ended December 31, 2024

Revenue

Our revenue increased by 38.0% from RMB180.6 million in the five months ended May 31, 2024 to RMB249.2 million in the five months ended May 31, 2025. This is primarily attributable to an increase of RMB71.4 million in sales of pharmaceutical products, and partially offset by a decrease of RMB2.7 million in revenue from service income.

Revenue from sales of pharmaceutical products increased by 40.1% from RMB177.8 million in the five months ended May 31, 2024 to RMB249.1 million in the five months ended May 31, 2025, primarily due to the increased sales in Haihuitong (海慧通®) and Anbili (安必力®).

Our revenue from service income decreased from RMB2.8 million in the five months ended May 31, 2024 to RMB69,000 in the five months ended May 31, 2025, primarily because of the completion of most of the agreements under which we provided R&D services, resulting in lower revenue from this business line.

Cost of sales/services

Our cost of sales/services increased by 33.1% from RMB30.0 million in the five months ended May 31, 2024 to RMB39.9 million in the five months ended May 31, 2025, primarily due to the increase in (i) cost of raw materials of RMB4.5 million resulting from our newly marketed drugs and expanded scale of drug sales in this period, which led to higher costs of active pharmaceutical ingredients, packaging materials and excipient, and (ii) outsourcing fees of RMB6.0 million primarily due to the increased CMO costs in line with our newly marketed drug categories and expanded drug sales scale in 2025. The percentage of the outsourcing fees out of the total cost of the sales/services increased from 2024 to the five month ended May 31, 2025, primarily because the CMO costs for Anbili (安必力®) which accounted a substantial portion of the sales scale in 2025 increased, and newly increased CMO costs for Anfeiping (安飞平®), which was a newly marketed drug product in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 39.0% from RMB150.6 million in the five months ended May 31, 2024 to RMB209.3 million in the five months ended May 31, 2025 primarily attributable to the increase in revenue from sales of pharmaceutical products. Our gross profit margin remained relatively stable and was 83.4% and 84.0% in the five months ended May 31, 2024 and the five months ended May 31, 2025, respectively.

Research and Development Expenses

Our research and development expenses increased by 29.3% from RMB17.4 million in the five months ended May 31, 2024 to RMB22.5 million in the five months ended May 31, 2025, primarily due to (i) an increase in staff costs of RMB1.6 million attributable to newly hired R&D staff and increased compensation level for existing R&D staff, and (ii) an increase in R&D related material costs of RMB1.4 million resulted from our internal R&D projects. Such increases primarily related to advancements of pre-clinical studies and clinical trials of our innovative drug candidates and generic drugs.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 47.4% from RMB56.5 million in the five months ended May 31, 2024 to RMB83.3 million in the five months ended May 31, 2025, which was primarily attributed to an increase of RMB26.1 million in marketing expenses. The marketing expenses increased in the five months ended May 31, 2025, mainly reflected (i) our continued promotional efforts to defend our market share in the increasingly competitive market for Anbili (安必力®) and Haihuitong (海慧通®); (ii) an increase in promotional investments along with our efforts to win the renewal of bids under VBP schemes for Ruiantuo (瑞安妥®); and (iii) marketing costs to effectively introduce and position Haibiping (海必平®), Anliding (安立定®), Haikexi (海可喜®), Haihuitong (海慧通®) and Saixifu (赛西福®) after they won the bids under the VBP schemes.

Administrative Expenses

Our administrative expenses increased by 46.7% from RMB5.2 million in the five months ended May 31, 2024 to RMB7.7 million in the five months ended May 31, 2025, primarily due to an increase of RMB1.0 million in professional service fees paid to our professional service providers for our listing application in Hong Kong, and an increase of RMB1.3 million in utilities expenses primarily contributed by the industrial electricity expenses incurred by the Changle Facility.

Finance Costs

Our finance costs decreased by 24.4% from RMB3.0 million in the five months ended May 31, 2024 to RMB2.2 million in the five months ended May 31, 2025 primarily due to the decrease of RMB0.7 million in interest expense on bank and other borrowings, mainly due to the decrease of carrying amount of the other borrowings in this period.

Other Income, Expense, Gains and Losses, Net

Our other income, expense, gains and losses, net increased from RMB3.0 million in the five months ended May 31, 2024 to RMB12.1 million in the five months ended May 31, 2025, mainly due to an increase in other gains of RMB8.5 million primarily because of the increase in the carrying amount of other borrowings measured at amortized cost of RMB5.2 million, and the increase in fair value gain of financial assets at FVTPL of RMB4.1 million in connection with the wealth management product we purchased.

Income Tax Expense

Our income tax expense increased by 57.7% from RMB8.4 million in the five months ended May 31, 2024 to RMB13.3 million in the five months ended May 31, 2025, primarily attributable to the decrease in deferred tax, as a result of the increase in taxable income in the period driven by higher revenue and profit growth, leading to a decrease in deferred tax amounts used to offset losses.

Profit for the Period

As a result of the foregoing, our profit increased by 43.3% from RMB63.0 million in the five months ended May 31, 2024 to RMB90.2 million in the five months ended May 31, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 47.4% from RMB316.6 million in 2023 to RMB466.7 million in 2024, primarily attributable to an increase of RMB150.0 million in sales of pharmaceutical products and an increase of RMB0.1 million in revenue from service income.

Revenue from sales of pharmaceutical products increased by 48.1% from RMB311.5 million in 2023 to RMB461.5 million in 2024, primarily due to the increase in the sales revenue from Haihuitong (海慧通®) and Ruiantuo (瑞安妥®), and sales from Saixifu (赛西福®) which was newly selected in provincial and national VBP schemes in December 2023 and in 2024, respectively, resulted from our successful biddings and renewals in the centralized tender process of certain of our products, growing market demand and our continuous business expansion.

Our revenue from service income remained relatively stable at RMB5.1 million in 2023 and RMB5.2 million in 2024. In 2024, we continued to provide R&D services for certain R&D projects, the progress of which remained consistent with that of 2023.

Cost of Sales/Services

Our cost of sales/services increased by 50.0% from RMB53.0 million in 2023 to RMB79.5 million in 2024, primarily due to the increase in (i) costs of sharing of RMB10.5 million primarily driven by annual sales profits sharing obligations under our collaborative R&D agreement in relation to (赛西福®) upon its launch in 2024, (ii) cost of raw materials of RMB7.7 million resulting from our expanded scale of drug sales in 2024, which led to higher costs of active pharmaceutical ingredients, packaging materials and excipient, and (iii) outsourcing fees of RMB6.0 million primarily due to the increased CMO costs in line with our expanded drug sales scale which required additional manufacturing capacity in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 46.9% from RMB263.6 million in 2023 to RMB387.2 million in 2024 primarily attributable to the increase in revenue from sales of pharmaceutical products. Our gross profit margin remained relatively stable and was 83.3% and 83.0% in 2023 and 2024, respectively.

Research and Development Expenses

Our research and development expenses increased by 87.3% from RMB36.1 million in 2023 to RMB67.5 million in 2024, primarily due to (i) an increase in CRO and clinical-related expenses of RMB23.8 million, and to a lesser extent, (ii) an increase in staff costs of RMB3.4 million attributable to newly hired R&D staff, and (iii) an increase in R&D related material costs of RMB3.1 million resulted from our internal R&D projects. Such increases primarily related to advancements of pre-clinical studies and clinical trials of our innovative drug candidates and generic drugs.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 78.0% from RMB93.1 million in 2023 to RMB165.7 million in 2024, which was primarily attributed to an increase of RMB70.7 million in marketing expenses. The marketing expenses increased in 2024, mainly reflected (i) our continued promotional efforts to defend our market share in the increasingly competitive market for Anbili (安必力®); (ii) an increase in promotional investments along with our efforts to win the renewal of bids under VBP schemes for Anbili (安必力®), Ruiantuo (瑞安妥®) and Haibiping (海必平®); and (iii) marketing costs to effectively introduce and position Saixifu (赛西福®) after it won the bids for Fujian and Hebei provinces under the VBP schemes. In addition, the growing sales of Ruiantuo (瑞安妥®), Haibiping (海必平®) and Haihuitong (海慧通®) necessitated a rise in marketing expenses as well.

Administrative Expenses

Our administrative expenses increased by 47.6% from RMB14.2 million in 2023 to RMB21.0 million in the 2024, primarily due to an increase of RMB3.0 million in staff costs attributable to the increase in numbers of employees, average wages and bonuses, and an increase in RMB1.7 million of utilities expenses primarily contributed by the office space newly leased in December 2023, and the ongoing construction of our manufacturing facility in Changle, Fuzhou, Fujian province (the Changle Facility) in 2024.

Finance Costs

Our finance costs decreased by 6.8% from RMB7.7 million in 2023 to RMB7.2 million in 2024 primarily due to the decrease of RMB0.5 million in interest expense on bank and other borrowings, mainly due to the decrease in other borrowings during the year as we made payment of annual sales profits under an agreed-upon ratio to our relevant R&D collaborative partner.

Other Income, Expense, Gains and Losses, Net

Our other income, expense, gains and losses, net increased from RMB20.3 million in 2023 to RMB31.0 million in 2024, mainly due to increase in other gains of RMB10.0 million primarily because we completed collaborative R&D of several generic drugs which were granted market approvals in 2024 and we recorded revenue upon the completion of projects.

Income Tax Expense

Our income tax expense decreased by 15.9% from RMB15.4 million in 2023 to RMB12.9 million in 2024, primarily attributable to the decrease in deferred tax, as a result of the increase in taxable income in 2024 driven by higher revenue and profit growth, leading to a decrease in deferred tax amounts used to offset losses.

Profit for the Year

As a result of the foregoing, our profit increased by 15.9% from RMB117.5 million in 2023 to RMB136.1 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 49.0% from RMB212.5 million in 2022 to RMB316.6 million in 2023, primarily attributable to an increase of RMB106.2 million in sales of pharmaceutical products, and partially offset by a decrease of RMB2.0 million in service income.

The sales of pharmaceutical products increased by 51.7% from RMB205.3 million in 2022 to RMB311.5 million in 2023, primarily due to the increase in the sales revenue from our drug products from Haihuitong (海慧通®), Haibiping (海必平®), Anyoufan (安优凡®) and Ruiantuo (瑞安妥®) resulted from our successful bidding in the centralized tender process of certain of our products, growing market demand and our continuous business expansion, partially offset by the decrease of RMB14.9 million in revenue from sales of Anbili (安必力®) primarily driven by fluctuations in sales during the transition period between the end of the VBP contract and its renewal in national and provincial level of Anbili (安必力®). The decrease in service income was primarily attributable to less R&D services offering projects in 2023.

Cost of Sales/Services

Our cost of sales/services increased by 31.2% from RMB40.4 million in 2022 to RMB53.0 million in 2023. Such increase was driven by (i) an increase of RMB5.6 million in cost of raw materials, (ii) an increase of RMB3.0 million in outsourcing fees, (iii) an increase of RMB1.7 million in cost of sharing and (iv) an increase of RMB1.8 million in other cost of sales/services, all of which are in line with our business growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 53.2% from RMB172.1 million in 2022 to RMB263.6 million in 2023 in line with the increase of revenue from sales of pharmaceutical products. Our gross profit margin was 81.0% and 83.3% in 2022 and 2023, respectively.

Research and Development Expenses

Our R&D expenses increased by 3.6%, from RMB34.8 million in 2022 to RMB36.1 million in 2023, primarily driven by an increase in staff costs of R&D personnel of RMB4.5 million attributable to our recruitment of R&D staff to support development of our generic drug and innovative drug pipelines and an increase in R&D material costs of RMB0.7 million. The increase was partially offset by a decrease in CRO and clinical-related expenses of RMB5.0 million attributable to the decline in expenses for bioequivalence testing for generic drugs in 2023. Such decline was primarily due to the completion of the R&D of certain of our key generic drugs in 2022 and decrease in average price of bioequivalence testing in 2023.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 98.7% from RMB46.8 million in 2022 to RMB93.1 million in 2023, which was primarily attributed to an increase of RMB42.5 million in marketing expense in line with the expansion of our marketed product portfolio and an increase of RMB3.1 million in staff costs to strengthen our competitiveness and seize more market share. The marketing expenses increased in 2023, mainly reflected (i) our continued promotional efforts to defend our market share in the increasingly competitive market for Anbili (安必力®); (ii) an increase in promotional investments along with our efforts to win the renewal of bids under VBP schemes for Anbili (安必力®) after it expired in the VBP list in May 2023; and (iii) marketing costs to effectively introduce and position (海慧通®) after it won the bids under the national VBP schemes in July 2023. In addition, the growing sales of Ruiantuo (瑞安妥®) and Haibiping (海必平®) necessitated a rise in marketing expenses.

Administrative Expenses

Our administrative expenses increased by 41.2% from RMB10.1 million in 2022 to RMB14.2 million in the 2023, primarily due to an increase of RMB2.0 million in staff costs attributable to the increase in numbers of employees, average wages and bonuses, and an increase in RMB1.1 million of professional service fees in relation to our financing activities.

Finance Costs

Our finance costs decreased by 68.7% from RMB24.7 million in 2022 to RMB7.7 million in 2023, mainly attributable to the decrease in interest expenses on bank and other borrowings of RMB17.0 million. In 2019, we entered into a collaboration agreement, under which we transferred part of our rights in annual sales profits of Ruiantuo (瑞安妥®) to a collaborative partner, in the consideration of the partner's payment to us, which was recorded as other borrowings due to the financing nature of the agreement. We would like to terminate our payment obligation in terms of profits from sales thereof in 2022, so we entered into a right repurchase agreement under which we made a payment to repurchase the portion of the rights arising from the products which were previously allocated to our partner, and had no obligation to share the annual sales profits with our partner since then, leading to decrease in interest expenses on bank and other borrowings in 2023.

Other Income, Expense, Gains and Losses, Net

Our other income, expense, gains and losses, net increased by 11.8% from RMB18.1 million in 2022 to RMB20.3 million in 2023. The increase was mainly driven by an increase in government grants from local government of RMB5.2 million and partially offset by a decrease in other gains of RMB2.8 million primarily due to less completion of collaborative R&D projects in 2023.

Income Tax Expense

Our income tax expense increased significantly from RMB4.8 million in 2022 to RMB15.4 million in 2023, mainly due to an increase in deferred tax of RMB10.6 million, resulted from the realization of deferred tax assets associated with the unutilized losses in 2022. In 2022, the Group recognized deferred tax assets based on unutilized losses of the parent company. In 2023, as the accumulated loss were gradually offset following the steadily rising profitability of the Company, these deferred tax assets were realized, leading to a significant increase in deferred tax expense.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 70.3% from RMB69.0 million in 2022 to RMB117.5 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
ASSETS				
Non-current assets				
Property, plant and equipment	9,597	92,986	275,057	284,407
Deposits for acquisition of property, plant and equipment/right-of-use assets	29,040	14,732	12,479	9,782
Right-of-use assets	7,030	36,542	34,491	33,637
Deferred tax assets	24,780	9,421	5,867	3,960
Equity instrument at fair value through other comprehensive income ("**FVTOCI**")	–	20,000	20,000	20,000
Long-term fixed deposits	–	–	30,890	31,250
Restricted bank balances	–	51,056	7,078	5,506
Other receivables	340	2,974	23,699	27,875
Financial instrument at fair value through profit or loss ("**FVTPL**")	–	–	–	23,001
Total non-current assets	**70,787**	**227,711**	**409,561**	**439,418**
Current assets				
Inventories	28,373	24,801	35,333	42,915
Trade and other receivables	9,576	31,827	35,044	39,208
Contract assets	56	2,607	2,643	518
Financial instrument at fair value through profit or loss ("**FVTPL**")	20,337	–	234,956	238,558
Short-term fixed deposits	120,354	20,274	–	15,044
Cash and cash equivalents	171,477	254,324	38,282	46,259
Total current assets	**350,173**	**333,833**	**346,258**	**382,502**
Total assets	**420,960**	**561,544**	**755,819**	**821,920**

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
LIABILITIES				
Non-current liabilities				
Other borrowings	35,947	31,916	26,624	22,321
Lease liabilities	6,914	7,135	5,624	4,972
Deferred income	233	202	171	159
Total non-current liabilities	**43,094**	**39,253**	**32,419**	**27,452**
Current liabilities				
Trade and other payables	38,779	105,744	144,317	137,083
Contract liabilities	1,980	261	8,045	5,445
Bank and other borrowings	48,447	9,599	23,123	9,935
Lease liabilities	869	1,440	1,511	1,542
Tax payable	10	–	5,077	8,927
Total current liabilities	**90,085**	**117,044**	**182,073**	**162,932**
Total liabilities	**133,179**	**156,297**	**214,492**	**190,384**
Net current assets	**260,088**	**216,789**	**164,185**	**219,570**
Net assets	**287,781**	**405,247**	**541,327**	**631,536**
Capital and reserves				
Share capital	67,207	67,207	67,207	67,207
Reserves	220,574	338,040	474,120	564,329
Total equity	**287,781**	**405,247**	**541,327**	**631,536**

Current Assets and Liabilities

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

	As of December 31,			As of May 31,	As of August 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				*(unaudited)*
Current assets					
Inventories	28,373	24,801	35,333	42,915	43,047
Trade and other receivables	9,576	31,827	35,044	39,208	66,291
Contract assets	56	2,607	2,643	518	673
Financial instrument at fair value through profit or loss ("**FVTPL**")	20,337	–	234,956	238,558	307,043
Short-term fixed deposits	120,354	20,274	–	15,044	15,044
Cash and cash equivalents	171,477	254,324	38,282	46,259	33,987
Total current assets	**350,173**	**333,833**	**346,258**	**382,502**	**466,085**
Current liabilities					
Trade and other payables	38,779	105,744	144,317	137,083	116,897
Contract liabilities	1,980	261	8,045	5,445	105
Bank and other borrowings	48,477	9,599	23,123	9,935	64,762
Lease liabilities	869	1,440	1,511	1,542	1,561
Tax payable	10	–	5,077	8,927	13,081
Total current liabilities	**90,085**	**117,044**	**182,073**	**162,932**	**196,406**
Net current assets	**260,088**	**216,789**	**164,185**	**219,570**	**269,679**

Our net current assets increased from RMB219.6 million as of May 31, 2025 to RMB269.7 million as of August 31, 2025, primarily attributable to increase in financial instrument at FVTPL of RMB68.5 million.

Our net current assets increased from RMB164.2 million as of December 31, 2024 to RMB219.6 million as of May 31, 2025, primarily attributable to an increase in short-term fixed deposits of RMB15.0 million resulted from the maturity of a principal and interest guaranteed wealth management product, a decrease in bank and other borrowings of RMB13.2 million as we settled our bank and other borrowings, and an increase in cash and cash equivalents of RMB8.0 million as a result of higher cash inflows from our sales revenue.

Our net current assets decreased from RMB216.8 million as of December 31, 2023 to RMB164.2 million as of December 31, 2024, primarily attributable to a decrease in cash and cash equivalents of RMB216.0 million as we utilized cash to purchase wealth management product, and an increase in trade and other payables of RMB38.6 million mainly resulted from increased CMO costs and raw material costs which were in line with our increased sales in 2024, and partially offset by an increase in financial instrument at FVTPL of RMB235.0 million in connection with the wealth management product we purchased.

Our net current assets decreased from RMB260.1 million as of December 31, 2022 to RMB216.8 million as of December 31, 2023, primarily attributable to a decrease in short-term fixed deposits of RMB100.1 million, an increase in trade and other payables of RMB67.0 million primarily due to increase in payables from marketing and promotion expenses driven by our continuous marketing efforts, a decrease in bank and other borrowings of RMB38.8 million mainly due to termination of our payment obligation in terms of revenue from sales since our repurchase of sharing rights from our collaborative partner in relation to Ruiantuo (瑞安妥®) in 2022, and a decrease in financial instrument at FVTPL of RMB20.3 million due to redemption of wealth management product and partially offset by an increase in cash and cash equivalents of RMB82.8 million.

Inventories

Our inventories primarily consist of raw materials and consumables, work in progress and finished goods. The following table sets forth a summary of our inventory balances as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials and consumables	16,209	11,824	16,207	25,676
Work in progress	4,754	3,573	8,104	5,200
Finished goods	7,410	9,404	11,022	12,039
Total	**28,373**	**24,801**	**35,333**	**42,915**

Our inventory increased by 21.5% from RMB35.3 million as of December 31, 2024 to RMB42.9 million as of May 31, 2025, primarily due to an increase in raw materials and consumables of RMB9.5 million. This increase is primarily attributable to the preparation for production in view of the new product varieties and additional specifications of existing products, as well as the increasing sales volume.

Our inventory increased by 42.5% from RMB24.8 million as of December 31, 2023 to RMB35.3 million as of December 31, 2024, primarily due to (i) an increase in work in progress from RMB3.6 million to RMB8.1 million as we had more products in manufacturing which was in line with our expanded scale of product sales in 2024, and (ii) and increase in raw materials and consumables from RMB9.4 million to RMB11.0 million. Such increases were driven by higher inventory levels for manufacturing drug products to meet growing sales demand during the year.

Our inventory decreased by 12.6%, from RMB28.4 million as of December 31, 2022, to RMB24.8 million as of December 31, 2023, primarily due to (i) a decrease in raw materials and consumables from RMB16.2 million to RMB11.8 million and (ii) a decrease in work-in-progress from RMB4.8 million to RMB3.6 million. These decreases were primarily attributable to a shift in production model, whereby certain materials for production were directly procured by outsourced CMOs rather than the Company. We reimburse the CMOs for the material costs incurred by them. Such decrease was partially offset by an increase in finished goods from RMB7.4 million to RMB9.4 million, which was mainly due to the expansion of product categories and the inclusion of certain products in the national or regional centralized procurement programs.

The following table sets forth an aging analysis of inventories as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Less than one year	27,840	23,807	34,300	42,967
Over one year	534	1,172	1,086	–
Provision for impairment	(1)	(178)	(53)	(52)
Total	**28,373**	**24,801**	**35,333**	**42,915**

The following table sets forth inventories turnover days for the years/period indicated.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Inventories turnover days [(1)]	277	181	136	147

Note:

(1) Inventories turnover days are based on the average balance of inventories divided by cost of sales/services for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance is calculated as the average of the beginning balance and ending balance of a given year/period. The numbers of days for the years ended December 31, 2022, 2023 and 2024 are 360 days, and the number of days for the five months ended May 31, 2025 is 150 days.

Our inventories turnover days decreased from 227 days in 2022 to 181 days in 2023, decreased to 136 days in 2024 and increased to 147 days in the five months ended May 31, 2025, this is primarily due to our continuous sales growth and improved market forecasts. According to CIC, our inventories turnover days in 2022, 2023, 2024 and the five months ended May 31, 2025 were in line with those of our market peers.

Our inventory as of May 31, 2025 is consisted of raw materials and consumables and work-in-progress to meet our sales needs and prepare for the Tenth national VBP Scheme, in which our drug product Saixifu (赛西福®) was selected and started to be procured under the VBP Scheme since April 2025. To meet production demands, we proactively built up inventory based on sales forecasts made by our marketing department. Additionally, our inventory level was relatively high due to inventory buildup for drug products primarily, including Anbili (安必力®), Ruiantuo (瑞安妥®) and Saixifu (赛西福®), to ensure sufficient supply. We expect that we will maintain a stable and optimal level of inventories going forward. Our Directors confirm that we had not experienced any material recoverability issues for our inventories during the Track Record Period. As we are on track with our production and sales plans, and we do not anticipate to have any material recoverability issues for our inventories in the foreseeable future.

As of August 31, 2025, RMB27.8 million, or 64.8% of our inventories outstanding as of May 31, 2025 had been consumed.

Trade and Other Receivables

Trade and other receivables, deposits and prepayments consist of trade receivables, bill receivables, other receivables, prepayment to suppliers, rental deposits and other tax recoverables. The following table sets forth the details of our trade and other receivables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables [(1)]	3,659	9,976	7,819	10,422
Bills receivables [(1)]	2,375	9,613	11,989	10,502
Rental deposit	322	477	477	477
Other receivables [(1)]	1,664	214	280	338
Prepayments to suppliers	1,265	8,874	9,213	12,295
Other tax recoverables [(2)]	631	5,647	27,640	31,344
Deferred issue cost	–	–	1,325	1,705
Total	**9,916**	**34,801**	**58,743**	**67,083**

Notes:

(1) Amount net of allowance for credit losses.

(2) Other tax recoverables consists of value-added tax to be certified and deducted.

Our trade and other receivables primarily represent the balances due from certain clients with respect to our drug products. We operate on a cash-on-delivery basis when dealing with most of our customers, and generally only allow a credit period of up to 90 days after the invoice date for a limited number of customers, which have established a long-term business relationship with us and have demonstrated good creditworthiness.

Our trade and other receivables increased by 14.2% from RMB58.7 million as of December 31, 2024 to RMB67.1 million as of May 31, 2025. The increase was primarily attributable to (i) an increase in other tax recoverables from RMB27.6 million to RMB31.3 million, primarily due to the increase in procurement amounts in line with the business growth, and (ii) an increase in prepayment to suppliers from RMB9.2 million to RMB12.3 million due to the increased procurement.

Our trade and other receivables increased by 68.8% from RMB34.8 million as of December 31, 2023 to RMB58.7 million as of December 31, 2024. The increase was primarily attributable to (i) an increase of other tax recoverables from RMB5.6 million to RMB27.6 million primarily due to the increase in recoverable input tax in connection with our Changle Facility, (ii) an increase of bill receivables from RMB9.6 million to RMB12.0 million in connection with the increase of use of bills for settlement by our customers, and partially offset by a decrease in trade receivables from RMB10.0 million in 2023 to RMB7.8 million in 2024 as we proactively strengthened the management on collection of trade receivables.

Our trade and other receivables increased by 251.0% from RMB9.9 million as of December 31, 2022 to RMB34.8 million as of December 31, 2023. The increase was attributable to (i) an increase of trade receivables from RMB3.7 million to RMB10.0 million, primarily due to the credit terms granted to certain of our customers in consideration of their credibility and the long-term relationship, (ii) an increase of bill receivables from RMB2.4 million to RMB9.6 million, mainly due to an increase in outstanding notes, (iii) an increase of prepayments to suppliers from RMB1.3 million to RMB8.9 million in relation to advances to CMOs as production service fees, and (iv) an increase of other tax recoverables from RMB0.6 million to RMB5.6 million primarily due to the increase in procurement amounts in line with the business growth.

The following table sets forth an aging analysis of trade receivables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Less than 90 days	3,569	9,752	7,315	9,604
More than 90 days and less than one year	90	175	504	770
More than one year	–	49	–	48
Total	**3,659**	**9,976**	**7,819**	**10,422**

The following table sets forth trade and bills receivables turnover days for the years/period indicated.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Trade and bills receivables turnover days [(1)]	7	15	15	12

Note:

(1) Trade and bills receivables turnover days are based on the average balance of trade and bills receivables divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance is calculated as the average of the beginning balance and ending balance of a given year/period. The numbers of days for the years ended December 31, 2022, 2023 and 2024 are 360 days, and the number of days for the five months ended May 31, 2025 is 150 days.

Our trade and bills receivables turnover days increased from 7 days in 2022 to 15 days in 2023, and remained stable at 15 days in 2024. They decreased to 12 days in the five months ended May 31, 2025, this is primarily due to our increased trade and bills receivables balance resulted from the expansion of our marketed products. According to CIC, our trade and bills receivables turnover days in 2022, 2023, 2024 and the five months ended May 31, 2025, were in better position than those of our market peers.

As of August 31, 2025, RMB9.8 million, or 94.4% of our trade receivables as of May 31, 2025 had been settled.

Financial Instrument at Fair Value through Profit or Loss ("FVTPL")

Our financial assets at FVTPL represent financial instruments, such as wealth management products issued by financial institutions. Our financial assets at FVTPL decreased from RMB20.3 million as of December 31, 2022 to nil as of December 31, 2023, because we redeemed our investment in financial instruments. Our financial assets at FVTPL increased to RMB235.0 million as of December 31, 2024, and further increased to RMB261.6 million as of May 31, 2025, because we increased our investments in financial instruments with a diversified portfolio.

The purchase of wealth management products by us was primarily intended to optimize returns on our idle cash balances. Key selection criteria included the investment tenor, interest rate, and risk profiles:

- tenor: we classify wealth management into short-term (redeemable in full on a T+0 basis or within three months), medium-term (three to six months), and long-term (over six months) categories. During the Track Record Period, our investments were mostly in short-term instruments to ensure sufficient liquidity for our working capital needs. When surplus cash was available, we allocated smaller amounts to medium and long-term products to enhance overall investment returns;

- interest rate: we require that the expected return of the wealth management products exceed the prevailing bank demand deposit or agreed term deposit rates; and

- risk control: we generally limit our investments to products with risk ratings of R1 (low risk) and R2 (low-to-medium risk), primarily focusing on fixed-income or cash management types of assets.

Disposals of the wealth management products were generally triggered by the automatic redemption upon maturity of the products, and in some cases, we elected to redeem products during available redemption windows, to reinvest the proceeds to products with more favorable terms, or to secure liquidity for substantial upcoming working capital requirements. We did not adhere to a fixed schedule for purchasing or disposing of wealth management products. Rather, our decisions were made flexibly based on our cash position and market conditions. As a result, we adjust our investment holdings frequently, leading to a relatively high transaction volume. The fluctuation in financial assets at FVTPL during the Track Record Period was largely attributable to the timing of such purchases and redemptions, reflecting our cash management strategies in response to market conditions and internal liquidity needs.

The objective of our investments in the foregoing financial products is to utilize idle funds to realize cash value preservation and addition. We adopt a strict and prudent internal control mechanism for our investments in financial instruments, with the aim to minimize the financial risks. To make the investment decisions, we reasonably and conservatively matches the maturities of the portfolio to anticipated operating cash needs, allowing us to generate investment returns for the benefits of our Shareholders. In

accordance with our established policies, all decisions regarding investing in wealth management products must be reviewed and approved by either Board meeting or the shareholders' general meeting. We believe we have a minimized risk exposure from our investments and primarily invest in relatively low-risk wealth management products. We make sure our investment in financial products will not affect our ordinary corporate activities and our main businesses. Our investment in the foregoing financial products after Listing will be subject to compliance with Chapter 14 of the Listing Rules.

Our Investment Policies

We have established an investment management system to enhance our internal control mechanism and manage our investments activities effectively. In accordance with our established investment policies, all decisions regarding investing in wealth management products must be reviewed and approved by either Board meeting or the shareholders' general meeting.

The Board meeting is authorized to approve transactions, among others, those involving the purchase or sale of major assets and external investments, provided that such transactions meet certain materiality thresholds based on our Company's most recently audited financial data, including total assets, operating income, and net profit. Transactions that exceed these specified thresholds require approval from the shareholders' general meeting. The authority to approve these investments cannot be delegated to any individual Director or the executive management team. In addition, we are required by our investment policies to strictly control the use of our own funds for securities investments, entrusted wealth management, or investments in derivatives based on stocks, interest rates, exchange rates, and commodities, such as futures, options, and warrants.

Our general manager is responsible for implementing our annual business plans and investment proposals, as well as reporting the progress of our investment projects to the Board of Directors. The Board of Directors is required to review the progress and benefits of major investment projects every six months, and to investigate any deviations from the plan or expected returns. The Board also has the authority to approve or reject investment projects based on its assessment of the projects' alignment with our strategic goals. Major investment projects which require shareholders' approval are reviewed by relevant experts and professionals before being submitted to the shareholders' general meeting for approval. Other functional roles within our Company, including the investment management team specifically established, the financial department, and our legal director, are each responsible for preliminary research, evaluation, and subsequent management; the management on financial aspects of the investment projects; and legal review of relevant investment agreements and other related documents. Our Strategy Committee is responsible for researching and making recommendations to major investment plans, which are required to be approved by the Board as prescribed in the Articles of Association. Our Board of Directors and Supervisors also include members with financial expertise, ensuring that our investment decisions are strategically sound. We believe that the multi-layered internal control system ensures that our investments, including investment in wealth management products, are aligned with our strategic and financial goals.

Short-term Fixed Deposits

Our short-term fixed deposits consist of deposits with a financial institute with a maturity period within twelve months when acquired. Our short-term fixed deposits decreased from RMB120.4 million as of December 31, 2022 to RMB20.3 million as of December 31, 2023, primarily attributable to the recovery of the fixed deposits due within one year. Our short-term fixed deposits decreased from RMB20.3 million as of December 31, 2023 to nil as of December 31, 2024, because we utilized funds to purchase wealth management products in 2024, which had not been redeemed as of December 31, 2024. Our short-term fixed deposits increased from nil as of December 31, 2024 to RMB15.0 million as of May 31, 2025, because of the maturity of a principal and interest guaranteed wealth management product.

Cash and Cash Equivalents

We had cash and cash equivalents of RMB171.5 million, RMB254.3 million, RMB38.2 million and RMB46.3 million as of December 31, 2022, 2023 and 2024, and May 31, 2025, respectively. For details, see "— Liquidity and Capital Resources — Consolidated Statement of Cash Flows" in this section.

Property, Plant and Equipment

Our property, plant and equipment consist of (i) laboratory equipment for R&D purpose, (ii) leasehold improvement consisting of fit-out costs caused by office space expansion, and (iii) construction in progress relating to our Changle Facility. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Laboratory equipment	6,732	10,216	9,212	8,794
Leasehold improvement	2,118	1,839	1,913	1,790
Construction in progress	–	80,081	263,199	273,112
Others [(1)]	747	850	733	711
Total	**9,597**	**92,986**	**275,057**	**284,407**

Note:

(1) "Others" primarily relates to furniture and fixtures and office equipment.

The carrying amounts of our property, plant and equipment amounted to RMB9.6 million, RMB93.0 million, RMB275.1 million and RMB284.4 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. Our laboratory equipment increased from RMB6.7 million as of December 31, 2022 to RMB10.2 million as of December 31, 2023, decreased to RMB9.2 million as of December 31, 2024 and further decreased to RMB8.8 million as of May 31, 2025. The change in carrying amount of our laboratory equipment was primarily because of the impact brought by the procurement of equipment and machinery following the increasing R&D and manufacturing needs, and the accumulated depreciation incurred. Our construction in progress increased from nil as of December 31, 2022 to RMB80.1 million as of December 31, 2023, increased to RMB263.2 million as of December 31, 2024 and further increased to RMB273.1 million as of May 31, 2025, which was in line with construction of Changle Facility.

Deposits for Acquisition of Property, Plant and Equipment/Right-of-use Assets

Our deposits for acquisition of property, plant and equipment/right-of-use assets as of December 31, 2022 were primarily in relation to the prepaid consideration for land use rights paid to local authorities for Changle Facility. The decrease in deposits for acquisition of property, plant and equipment/right-of-use assets from RMB29.0 million as of December 31, 2022, to RMB14.7 million as of December 31, 2023, to RMB12.5 million as of December 31, 2024, and further to RMB9.8 million as of May 31, 2025, was primarily attributable to the significant decrease in advances for construction with progression of the construction of Changle Facility.

Right-of-use Assets

Our right-of-use assets consist of leased offices, leased warehouses and leasehold land. Our right-of-use assets increased from RMB7.0 million as of December 31, 2022 to RMB36.5 million as of December 31, 2023, slightly decreased to RMB34.5 million as of December 31, 2024, and further decreased to RMB33.6 million as of May 31, 2025, primarily due to the acquisition of land use rights from local governmental authorities for construction of Changle Facility and the increase in our lease for office spaces.

Equity Instrument at Fair Value through Other Comprehensive Income ("FVTOCI")

Our equity assets at FVTOCI represent investments to third parties. Our equity instrument at FVTOCI amounted to nil, RMB20 million, RMB20 million and RMB20 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, representing our equity investment in a private entity established in Cayman Islands focusing on biotechnology sector, an independent third party of our Company. Under the relevant share purchase agreement, we agreed to purchase the shares of such entity in consideration of our capital contributions to the entity. This strategic investment aligns with our long-term vision to expand into the field of brain diseases medicine, particularly in the development of treatment options for central nervous system (CNS) diseases and glioma. The entity's research and development in neural regeneration technology demonstrates growth potential, positioning it as a notable player in the biotech space. The investment allows us to secure a stake in the entity and potentially benefit from its future success and appreciation in value.

Trade and Other Payables

Our trade and other payables consist primarily of (i) trade payables mainly representing amounts payable to material suppliers, (ii) payables for marketing expenses in relation to the amounts due to marketing service providers, (iii) payables for purchases of property, plant and equipment, (iv) payables to partners of collaborative arrangements representing the proportionate revenue generated from marketed drugs which we co-developed with our partners of collaborative arrangements, and (v) payables for research services mainly representing payables to CROs and clinical trial-related expenses.

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables	3,109	2,804	5,744	10,094
Bills payables	–	–	10,039	13,043
Salaries and wages payables	3,121	6,834	8,902	2,335
Other tax payables	2,582	5,574	2,641	5,221
Deposits received from suppliers	7,760	4,021	1,148	588
Payables for research services	4,994	3,542	11,109	9,350
Payables for marketing expenses	5,134	21,171	29,867	36,143
Payables for purchases of property, plant and equipment	73	41,360	45,546	32,886
Payables to partners of collaborative arrangements	11,471	20,057	23,867	24,592
Accrued listing expenses	–	–	4,711	2,007
Accrued issue costs	–	–	486	364
Others	535	381	257	460
Total	**38,779**	**105,744**	**144,317**	**137,083**

The bills payables of RMB13.0 million as of May 31, 2025 mainly consisted of bills payables to our marketing service providers. Our payables from marketing expenses increased from RMB5.1 million as of December 31, 2022 to RMB21.2 million as of December 31, 2023, increased to RMB29.9 million as of December 31, 2024, and further increased to RMB36.1 million as of May 31, 2025, primarily due to our marketing efforts to increase our market share and acceptance by engaging various marketing service providers in 2022 to 2024, and increased costs and fees related to the addition of new product categories, VBP renewals and increased sales volume for existing products in the five months ended May 31, 2025. Our payables for purchase of property, plant and equipment increased from RMB0.1 million as of December 31, 2022 to RMB41.4 million as of December 31, 2023, further increased to RMB45.5 million as of December 31, 2024, and

decreased to RMB32.9 million as of May 31, 2025, generally in line with the construction of Changle Facility. Our payables to partners of collaborative arrangements represent payments to be made to the funding partners of certain of our co-development generic drugs proportionate to the sales revenue since their launch into the market. Our payables to partners of collaborative arrangements increased from RMB11.5 million as of December 31, 2022 to RMB20.1 million as of December 31, 2023, increased to RMB23.9 million as of 2024, and further increased to RMB24.6 million as of May 31, 2025, attributable to the increase of the revenue from sales revenue of the co-developed drugs. Our payables to partners of collaborative arrangements are regarded as outstanding for the collaborative period as stipulated under the relevant R&D collaborative agreements and normally last for around one year. Our payables for research services amounted to RMB5.0 million, RMB3.5 million, RMB11.1 million and RMB9.4 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively, primarily related to the increase in payables in relation to clinical trials following the R&D advancement of our innovative drug candidates.

Our trade payables decreased from RMB3.1 million as of December 31, 2022 to RMB2.8 million as of December 31, 2023, primarily due to settlement of payments related to materials purchased in late 2022 for subsequent production and operations in 2023, increased to RMB5.7 million as of December 31, 2024, and further increased to RMB10.1 million as of May 31, 2025, primarily attributable to the accumulation of outstanding payments for outsourced production and an increase in raw material procurement in line with our business growth. During the Track Record Period, the credit terms with our major suppliers ranged from 0 day to 30 days. Our deposits received from suppliers, representing the payments from suppliers as deposits, decreased from RMB7.8 million as of December 31, 2022 to RMB4.0 million as of December 31, 2023, decreased to RMB1.1 million as of December 31, 2024, and further decreased to RMB0.6 million as of May 31, 2025, mainly due to refund in security deposits following the completion of our supplier selection processes and the optimization of our supplier management in 2023.

The following table sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Less than 90 days	3,079	2,662	15,703	7,344
More than 90 days and less than one year	30	40	80	15,780
More than one year	–	102	–	13
Total	**3,109**	**2,804**	**17,783**	**23,137**

The following table sets forth trade payables turnover days for the years/period indicated.

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
Trade payables turnover days [(1)]	20	20	19	12

Note:

(1) Trade payables turnover days are based on the average balance of trade payables divided by cost of sales/services for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance is calculated as the average of the beginning balance and ending balance of a given year/period. The numbers of days for the years ended December 31, 2022, 2023 and 2024 are 360 days, and the number of days for the five months ended May 31, 2025 is 150 days.

Our trade payables turnover days remained relatively stable at 20 days, 20 days, 19 days and 12 days in 2022, 2023, 2024 and in the five months ended May 31, 2025, respectively. According to CIC, our trade payables turnover days in 2022, 2023, 2024 and the five months ended May 31, 2025 are in line with those of our market peers.

As of August 31, 2025, RMB7.9 million, or 78.5% of our trade payables outstanding as of May 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent advances received from customers in relation to sales of pharmaceutical products and payments received in advance for our offering of R&D services in relation to generic drugs. The following table sets forth a breakdown of our contract liabilities as of the dates indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
		(RMB in thousands)		
Contract liabilities				
– from sale of pharmaceutical products	1,408	261	7,609	4,868
– from others	572	–	436	577
Total	**1,980**	**261**	**8,045**	**5,445**

Our contract liabilities from sales of pharmaceutical products decreased from RMB1.4 million as of December 31, 2022 to RMB0.3 million as of December 31, 2023, increased to RMB7.6 million as of December 31, 2024 and decreased to RMB4.9 million as of May 31, 2025. Such changes were in relation to the volume of the products we delivered to distributors in the respective year/period ends, because we incur contract liabilities when we receive advance payments are made by distributors prior to the delivery of drug products. Our contract liabilities from others decreased from RMB0.6 million as of December 31, 2022 to nil as of December 31, 2023, increased to RMB0.4 million as of December 31, 2024 and increased to RMB0.6 million as of May 31, 2025. Such changes related to the change of revenue from service income.

As of August 31, 2025, RMB5.0 million, or 91.1% of our contract liabilities as of May 31, 2025 had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity and Working Capital

Our use of cash primarily relates to operating activities and financing activities. We financed our operations primarily through cash generated from our operations. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. Our cash and cash equivalents were RMB171.5 million, RMB254.3 million, RMB38.3 million and RMB46.3 million as of December 31, 2022, 2023 and 2024, and May 31, 2025, respectively.

Consolidated Statement of Cash Flows

The following table sets forth our cash flows for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Net cash flows generated from operating activities	85,310	147,106	163,942	92,641	80,135
Net cash flows used in investing activities	(53,757)	(12,770)	(378,716)	(234,537)	(56,543)
Net cash flows generated from/(used in) financing activities	133,129	(51,489)	(1,268)	(10,816)	(15,615)
Cash and cash equivalents at the end of the year/period	**171,477**	**254,324**	**38,282**	**101,612**	**46,259**

Net Cash Generated from Operating Activities

During the Track Record Period, we derived our cash inflow from operating activities primarily through the sales of pharmaceutical goods, while cash outflow from operating activities primarily comprised payments for purchases of raw materials, outsourcing fees, research and development expenses, distribution and selling expenses, administrative expenses and income tax. Our cash generated from operating activities reflects our profit before tax, adjusted for non-cash and non-operating items, such as interest expenses, depreciation of property, plant and equipment, and depreciation of right-of-use assets, and the changes in working capital, such as increases or decreases in inventories, trade and other receivables, trade and other payables and contract liabilities.

Our net cash flows generated from operating activities for the five months ended May 31, 2025 was RMB80.1 million. This cash inflow was primarily attributable to profit before tax of RMB103.5 million, as adjusted to reflect non-cash items, which primarily included (i) change in the carrying amount of other borrowings measured at amortized cost of RMB5.2 million, and (ii) gain on fair value change of financial assets at FVTPL of RMB4.1 million. The amount was further adjusted by decrease in movements in working capital of RMB10.7 million. The decrease in movements in working capital primarily included the increase in trade and other receivables of RMB8.3 million.

Our net cash flows generated from operating activities for the year ended December 31, 2024 was RMB163.9 million. This cash inflow was primarily attributable to profit before tax of RMB149.0 million, as adjusted to reflect non-cash items, which primarily included (i) depreciation of property, plant and equipment and right-of-use assets of RMB5.0 million, and (ii) interest expenses of RMB7.2 million. The amount was further adjusted by increase in movements in working capital of RMB8.5 million and net income tax paid of RMB4.3 million. The increase in movements in working capital primarily included the increase in trade and other payables of RMB33.9 million.

Our net cash flows generated from operating activities in 2023 was RMB147.1 million. This cash inflow was primarily attributable to profit before tax of RMB132.8 million, as adjusted to reflect non-cash items, which primarily included (i) depreciation of property, plant and equipment and right-of-use assets of RMB3.9 million, and (ii) interest expenses of RMB7.7 million. The amount was further adjusted by increase in movements in working capital of RMB1.8 million. The increase in movements in working capital primarily included the increase in trade and other payable of RMB25.6 million, partially offset by the increase in trade and other receivables of RMB22.8 million.

Our net cash flows generated from operating activities in 2022 was RMB85.3 million. This cash inflow was primarily attributable to profit before tax of RMB73.8 million, as adjusted to reflect non-cash items, which primarily included (i) depreciation of property, plant and equipment and right-of-use assets of RMB2.8 million, and (ii) interest expenses of RMB24.7 million. The amount was further adjusted by decrease in movements in working capital of RMB15.9 million. The decrease in movements in working capital primarily included the decrease in trade and other payable of RMB13.2 million.

Net Cash Used in Investing Activities

Our net cash flows used in investing activities for the five months ended May 31, 2025 was RMB56.5 million. This cash outflow was primarily attributable to purchase of financial assets at FVTPL of RMB376.1 million in connection with the purchase of wealth management products. This cash outflow was partially offset by the proceeds from maturity of financial assets at FVTPL of RMB353.6 million.

Our net cash flows used in investing activities for the year ended December 31, 2024 was RMB378.7 million. This cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB138.2 million in connection with the construction of our Changle Facility, and (ii) purchase of financial assets at FVTPL of RMB583.8 million in connection with the purchase of wealth management products. This cash outflow was partially offset by the proceeds from maturity of financial assets at FVTPL of RMB350.0 million.

Our net cash flows used in investing activities in 2023 was RMB12.8 million. This cash outflow was primarily attributable to (i) purchase of financial assets at FVTPL of RMB350.3 million, (ii) placement of short-term fixed deposits of RMB120.0 million, (iii) purchase of property, plant and equipment of RMB44.4 million, (iv) deposits paid for property, plant and equipment of RMB14.3 million, (v) placement of restricted bank deposit of RMB51.1 million, and (vi) investment in equity investment at FVTOCI of RMB20.0 million. This cash outflow was partially offset by (i) proceeds from maturity of financial assets at FVTPL of RMB370.6 million, and (ii) proceeds from withdrawal of short-term fixed deposits of RMB220.1 million.

Our net cash flows used in investing activities in 2022 was RMB53.8 million. This cash outflow was primarily attributable to (i) purchase of financial assets at FVTPL of RMB489.0 million, (ii) placement of short-term fixed deposits of RMB200.0 million, and (iii) payment for leasehold land of RMB28.6 million. This cash outflow was partially offset by (i) proceeds from maturity of financial assets at FVTPL of RMB587.4 million, and (ii) proceeds from withdrawal of short-term fixed deposits of RMB79.6 million.

Net Cash Generated from/Used in Financing Activities

Our net cash flows used in financing activities for the five months ended May 31, 2025 was RMB15.6 million. This cash outflow was primarily attributable to interest paid of RMB12.0 million, and repayment of bank and other borrowings of RMB10.2 million, which was partially offset by proceeds from bank borrowings of RMB7.6 million.

Our net cash flows used in financing activities for the year ended December 31, 2024 was RMB1.3 million. This cash outflow was primarily attributable to repayment of lease liabilities of RMB1.4 million, repayment of bank and other borrowings of RMB3.4 million, and interest paid of RMB13.4 million, which was partially offset by proceeds from bank and other borrowings of RMB17.8 million.

Our net cash flows used in financing activities in 2023 was RMB51.5 million. This cash outflow was primarily attributable to payment of bank and other borrowings of RMB46.1 million and interest paid of RMB10.1 million, which was partially offset by proceeds from bank borrowings of RMB5.6 million.

Our net cash flows generated from financing activities in 2022 was RMB133.1 million. This cash inflow was primarily attributable to proceeds from proceeds from capital injection by shareholders of RMB157.6 million, which was partially offset by interest paid of RMB14.6 million and repayment of bank and other borrowings of RMB9.0 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,	As of August 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				*(unaudited)*
Lease Liabilities	7,783	8,575	7,135	6,514	6,136
Bank and other borrowings	84,394	41,515	49,747	32,256	88,240
Total	**92,177**	**50,090**	**56,882**	**38,770**	**94,376**

Lease Liabilities

As of December 31, 2022, 2023 and 2024, May 31, 2025 and August 31, 2025, our lease liabilities, including current and non-current portion, amounted to RMB7.8 million, RMB8.5 million, RMB7.1 million, RMB6.5 million and RMB6.1 million, respectively, which were mainly secured by rental deposits and unguaranteed. The following table sets forth the present value of our lease liabilities as of the dates indicated.

	As of December 31,			As of May 31,	As of August 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				*(unaudited)*
Current	869	1,440	1,511	1,542	1,561
Non-current	6,914	7,135	5,624	4,972	4,575
Total	**7,783**	**8,575**	**7,135**	**6,514**	**6,136**

The following table sets categorizes our lease liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date.

	As of December 31,			As of May 31,	As of August 31,
	2022	2023	2024	2025	2025
			(RMB in thousands)		
					(unaudited)
Within one year	869	1,440	1,511	1,542	1,561
Within a period of more than one year but not more than two years	912	1,511	1,586	1,368	1,236
Within a period of more than two years but not more than five years	3,021	3,752	3,331	3,400	3,339
More than five years	2,981	1,872	707	204	–
Total	**7,783**	**8,575**	**7,135**	**6,514**	**6,136**
Less: Amount due for settlement within 12 months shown under current liabilities	(869)	(1,440)	(1,511)	(1,542)	(1,561)
Amount due for settlement after 12 months shown under non-current liabilities	6,914	7,135	5,624	4,972	4,575

Bank and Other Borrowings

As of December 31, 2022, 2023 and 2024, May 31, 2025 and August 31, 2025, we had current and non-current interest-bearing bank and other borrowings of RMB84.4 million, RMB41.5 million, RMB49.7 million, RMB32.3 million and RMB88.2 million.

The following table sets forth the present value of our bank and other borrowings as of the dates indicated.

	As of December 31,			As of May 31,	As of August 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				*(unaudited)*
Current	48,447	9,599	23,123	9,935	64,762
Non-current	35,947	31,916	26,624	22,321	23,478
Total	**84,394**	**41,515**	**49,747**	**32,256**	**88,240**

All of our interest-bearing bank borrowings are unsecured. The effective interest rate of our current interest-bearing bank borrowings was 2.20%, 2.3% and 2.60% as of December 31, 2023 and 2024 and May 31, 2025, respectively.

As of August 31, 2025, our interest-bearing bank and other borrowings were expected to become mature between 2025 and 2029. As of the same date, we had unutilized banking facilities of RMB47.9 million.

The bank and other borrowings as of August 31, 2025 comprising secured (by the Group's bills receivable) and unguaranteed bank borrowings of RMB9.0 million and unsecured and unguaranteed bank and other borrowings of RMB79.2 million.

Except as disclosed above, as of August 31, 2025, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

There are no material covenants relating to our outstanding indebtedness that would prevent us from raising additional bank or other external financing in any material aspects. Our Directors also confirm that we 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. Our Directors further confirm that there has not been any material change in our indebtedness since August 31, 2025 to the date of this prospectus.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, May 31, 2025, August 31, 2025 and up to the Latest Practicable Date, we did not have any contingent liabilities.

CAPITAL COMMITMENTS AND EXPENDITURES

We did not have material commitments as of December 31, 2022, 2023, 2024, May 31, 2025 and up to the Latest Practicable Date.

During the Track Record Period, our capital expenditures were related to acquisition of property, plant and equipment. We had capital expenditures of RMB2.8 million, RMB140.8 million, RMB27.0 million and RMB1.8 million as of December 31, 2022, 2023 and 2024, and May 31, 2025, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from operations. We intend to fund our future capital expenditures and long-term investments with a combination of operating cashflow, equity and debt financing and net proceeds received from the Global Offering. See "Future Plans and Use of Proceeds" in this prospectus. We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years/period indicated.

	As of December 31,			As of May 31,
	2022	2023	2024	2025
Net profit margin [(1)]	32.5%	37.1%	29.2%	36.2%
Gross profit margin [(2)]	81.0%	83.3%	83.0%	84.0%
Current ratio [(3)]	3.9	2.9	1.9	2.3
Return on equity [(4)]	39.5%	33.9%	28.8%	15.4%

Notes:

(1) Calculated based on profit for the year/period divided by revenue and multiplied by 100.0% for a given year/period.

(2) Calculated based on gross profit divided by revenue and multiplied by 100.0% for a given year/period.

(3) Calculated based on total current assets divided by total current liabilities as of the end of the respective year/period.

(4) Calculated using net profit divided by the average of the beginning and ending balance of total equity for that year/period and multiplied by 100%.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We enter into certain transactions with our related parties during the Track Record Period. During the Track Record Period, we entered into several CRO agreements with Laibiyi Technology (Xiamen) Co., Ltd.* (萊必宜科技(廈門)有限責任公司) ("**Laibiyi Technology**"). Laibiyi Technology was founded by Dr. Kang in 2016. Its registered office is in Xiamen, Fujian, and it is primarily engaged in providing clinical research services. Its current ultimate beneficial owner is an Independent Third Party. Dr. Kang served as the chairman of the board of Laibiyi Technology from April 2016 to July 2021. Ms. Feng served as the chairwoman of the board from July 2021 to June 2022 and has served as a consultant since July 2022. Under the CRO agreements, Laibiyi Technology is responsible for providing clinical research services for C019199, and BE studies services, such as biological sample analysis and testing services for some of our other drug candidates. The service fees charged by Laibiyi Technology were determined upon a number of factors, including the complexity of the studies, and the number of the study subjects. Our Directors are of the view that the transactions with Laibiyi Technology were conducted at arm's length and on normal commercial terms, which are similar to those of other independent service providers. There were no costs or expenses incurred by us that were borne by Laibiyi Technology without being recharged to us during the Track Record Period. Laibiyi Technology does not own any material patents or intellectual property rights related to any drugs that are in the same product categories of ours. We may continue to engage Laibiyi Technology going forward, provided that our R&D activities require so and the terms of engagement are no less favorable than those with independent service providers.

For details of our related party transactions, see Note 32 to the Accountants' Report included in Appendix I to this prospectus. Our Directors are of the view that each of the related party transactions set out in Note 32 to the Accountants' Report included in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

CAPITAL RISK MANAGEMENT

Our activities expose us to a variety of financial risks, mainly market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Risk management is carried out under policies approved by our Board. The management identifies and evaluates financial risks in close co-operation with our operating units.

Market Risks

Our activities expose us primarily to the financial risks of interest rate and other price.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to short-term fixed deposits, fixed-rate bank and other borrowings and lease liabilities. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances and restricted bank balances. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management considers that the impacts of interest rate risk to profit or loss in 2022 and 2023 are insignificant for a reasonable change in the market interest rate and therefore, no sensitivity analysis is prepared.

For details, see Note 30 to the Accountants' Report as set out in Appendix I to this prospectus.

Other Price Risk

We are exposed to equity price risk through its equity instrument at FVTOCI and the money market funds measured at FVTPL.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to bills receivables, certain other receivables (including rental deposits), financial assets at FVTPL, restricted bank balances, short-term fixed deposits and cash and cash equivalents. We do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bill receivables is mitigated because settlement of certain bills receivables are backed by bills issued by reputable banks and financial institutions.

We manage the risk with respect to restricted bank deposit, short-term fixed deposits and bank balances by placing in or entered into the contract with the banks with high reputation only.

We have policies in place to ensure that sales are made to reputable customers with an appropriate financial strength and credit history and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, we review regularly the authorization of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of the business of sale of pharmaceutical products, we normally grants credit periods from 15 to 90 days to reputable customers only and request for full payments upon deliveries of pharmaceutical products and service for other customers.

For details, see Note 30 to the Accountants' Report as set out in Appendix I to this prospectus.

Liquidity Risk

Our management is satisfied that we will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account our cash flow projection, and our future capital expenditure in respect of the non-cancellable capital commitments, our management considers that we have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of each reporting period.

For details, see Note 30 to the Accountants' Report as set out in Appendix I to this prospectus.

DIVIDENDS

No dividend has been proposed, paid or declared by us during the Track Record Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio. There can be no assurance that dividends of any amount will be declared or distributed in any year.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of our Shareholders.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the operating cash flows and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the 12 months following the date of this prospectus.

DISTRIBUTABLE RESERVES

As of May 31, 2025, we had distributable reserves of RMB315.3 million, representing the retained profits of our Company as of the same date.

PROPERTIES AND VALUATION

In accordance with the requirement of Rule 5.07 of the Listing Rules, AVISTA Valuation Advisory Limited, an independent property valuer, has valued our property interests as of August 31, 2025. Particulars of our property interests are set out in "Appendix III — Property Valuation Report" to this prospectus.

The table below sets out the reconciliation between the net book value of our property as of May 31, 2025 in the Accountants' Report set out in Appendix I to this prospectus and the market value of our property as of August 31, 2025, in the Property Valuation Report set out in Appendix III to this prospectus.

	(RMB in thousands)
Net book value of the property as of May 31, 2025	**205,493**
Addition: Capital expenditures	1,240
Net book value of the property as of August 31, 2025	**206,733**
Net valuation surplus	18,847
Market value of the property as of August 31, 2025 as set out in the property valuation report in Appendix III to this prospectus	**225,580**

LISTING EXPENSE

Listing expenses consist of professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We expect to incur listing expenses of approximately RMB46.2 million (HK$50.6 million), comprising: (i) underwriting fees of RMB27.5 million (HK$30.1 million); and (ii) non underwriting-related expenses of RMB18.7 million (HK$20.5 million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB11.8 million (HK$12.9 million); and (b) other fees and expenses of RMB6.9 million (HK$7.6 million) and based on the Offer Price of HK$78.14 per Offer Share (being the mid-point of the Offer Price range), approximately RMB19.7 million (HK$21.6 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB26.5 million (HK$29.1 million) of which is expected to be deducted from equity upon completion of the Global Offering. The listing expenses are expected to represent approximately 5.6% of the gross proceeds of the Global Offering, assuming an Offer Price of HK$78.14 per Offer Share (being the mid-point of the indicative Offer Price range). The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations for 2025.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of the Company as of May 31, 2025, as if the Global Offering had taken place on May 31, 2025. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of May 31, 2025 or any future date.

	Consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as of May 31, 2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$69.88 per Share	631,536	690,086	1,331,611	16.92	18.53
Based on an Offer Price of HK$86.40 per Share	631,536	858,315	1,499,840	19.06	20.87

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as of May 31, 2025 is extracted from the condensed consolidated financial statements as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 11,500,000 new Offer Shares to be issued at the Offer Price of HK$69.88 and HK$86.40 per Offer Share, being the low end and high end of the indicated Offer Price range respectively, after deduction of the estimated underwriting fees and commissions and other listing related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss up to May 31, 2025).

   For the purpose of calculating, the estimated net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at an exchange rate of HK$1.0953 to RMB1.00, which was the exchange rate prevailing on September 30, 2025 with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

3. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on 78,707,270 Shares were in issue assuming the Global Offering had been completed on May 31, 2025. It does not take into account any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from Renminbi to Hong Kong dollars at the rate of RMB1.00 to HK$1.0953, which was the exchange rate prevailing on September 30, 2025 with reference to the rate published by the People's Bank of China. No representation is made that the Renminbi amounts have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of May 31, 2025 to reflect any operating result or other transactions of the Group entered into subsequent to May 31, 2025.

6. By comparing the valuation of the Group's property interest as at August 31, 2025 as set out in Appendix III to this prospectus, the net valuation surplus of these properties is approximately RMB18,847,000, which has not been included in the above unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company. Such net valuation surplus will not be incorporated in the Group's financial statements in the future. If the revaluation surplus is to be included in the Group's consolidated financial statements, no additional depreciation charge would be recorded as this property interest is classified as construction in progress, which is not subject to depreciation.

For details, see "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospects since May 31, 2025, and there is no event since May 31, 2025 that would materially affect the information in the Accountants' Report as set out in Appendix I of this prospectus.

DISCLOSURE UNDER LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For further details of our future plans, see "Business — Our Strategies" in this prospectus.

USE OF PROCEEDS

After deducting the underwriting commissions and other expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$78.14 per Share (being the mid-point of the indicative Offer Price range of HK$69.88 and HK$86.40), we estimate that we will receive net proceeds of approximately HK$848.0 million from the Global Offering. We intend to apply such net proceeds for the purposes and in the amounts set forth below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 52.0% of the net proceeds, or HK$441.0 million, is expected to be used for continuous investment in R&D to advance the drug candidates in our pipeline and to enrich our product portfolio. In particular:

  (i) approximately 40.0% of the net proceeds, or HK$339.2 million, is expected to be used to fund the R&D of innovative drugs. Specifically:

  a) approximately 35.0% of the net proceeds, or HK$296.8 million, will be used for the clinical trials of C019199. Notably, we plan to use:

  (x) approximately 27.0% of the net proceeds, or HK$229.0 million, for the clinical trials of combination therapy with anti-PD-1 mAbs in China and the application for clinical trials of such combination therapy in the U.S., for solid tumors, including triple-negative breast cancer (TNBC), colorectal cancer, pancreatic cancer, and etc. Specifically:

  (1) the phase III clinical trials for TNBC in China are expected to be initiated in first half of 2026, and the IND application for clinical trials in the U.S. for TNBC is expected to be submitted in second half of 2025;

  (2) the phase II clinical trials for colorectal cancer in China are expected to be completed in first half of 2026;

  (3) the phase II clinical trials for pancreatic cancer in China are expected to be completed in second half of 2025; and

(4) the phase II clinical trials for gastric cancer, esophageal squamous cell carcinoma and head and neck squamous cell carcinoma in China are expected to be completed in second half of 2026; and

(y) approximately 8.0% of the net proceeds, or HK$67.8 million, for the Phase II and Phase III clinical trial for osteosarcoma, HER2- breast cancer and TGCT and melanoma in China and the application for clinical trials for osteosarcoma in the U.S. Specifically:

(1) the phase III clinical trials for osteosarcoma in China are expected to be initiated in second half of 2025, and the IND application for clinical trials in the U.S. for TNBC is expected to be submitted in first half of 2026;

(2) the phase Ib/II clinical trials for HER2- breast cancer in China are expected to be completed in second half of 2025;

(3) the phase Ib/II clinical trials for TGCT in China are expected to be completed in second half of 2025; and

(4) the phase Ib/II clinical trials for melanoma in China are expected to be completed in first half of 2026;

b) approximately 5.0% of the net proceeds, or HK$42.4 million, will be used for the clinical development of HXP056, HXP089 and HXP090 as well as the application for clinical trials thereof in both China and the U.S. The Phase I clinical trial for HXP056 (indicated for wAMD) was initiated in June 2025. We expect that the Phase I clinical trial will be completed by the end of 2025. The IND applications in China for HXP089 and HXP090 are expected to be submitted in second quarter of 2026 and first half of 2027, respectively; and

(ii) approximately 12.0% of the net proceeds, or HK$101.8 million, is expected to be used to fund the R&D of generic drugs. Specifically:

a) approximately 6.0% of the net proceeds, or HK$50.9 million, will be used for the R&D of 20 to 30 generic drug candidates in our pipeline. We will keep moving forward the research and development process with the aim of positioning these drugs among the first ones in their respective therapeutic areas in China to pass the consistency evaluation in the next two to three years; and

b) approximately 6.0% of the net proceeds, or HK$50.9 million, will be used to initiate new clinical research projects, including preliminary research, formulation development and pre-clinical studies, for the development of 20 to 30 generic drug candidates;

The following table sets forth the breakdown of the allocation of use of proceeds for R&D of our drug candidates in absolute amounts and as percentages of the total net proceeds.

			CROs and clinical expenses (including patient recruitment costs)		Staff costs		R&D material costs		Others		Sub-total		Total	
		Jurisdiction	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
			(in HK$ million, expect for percentages)											
Combination therapy with anti-PD-1 mAbs	TNBC	China	58.5	6.9	19.5	2.3	14.6	1.7	4.9	0.6	97.5	11.5	141.3	16.7
		U.S.	26.3	3.1	8.8	1.0	6.6	0.8	2.2	0.3	43.8	5.2		
	Colorectal cancer	China	13.1	1.5	4.4	0.5	3.3	0.4	1.1	0.1	22.0	2.7	21.9	2.6
	Pancreatic cancer	China	13.1	1.5	4.4	0.5	3.3	0.4	1.1	0.1	22.0	2.7	21.9	2.6
	Gastric cancer, esophageal squamous cell carcinoma and head and neck squamous cell carcinoma	China	26.3	3.1	8.8	1.0	6.6	0.8	2.2	0.3	43.9	5.3	43.8	5.2
Monotherapy	Osteosarcoma	China	21.0	2.5	7.0	0.8	5.2	0.6	1.7	0.2	35.0	4.1	51.4	6.1
		U.S.	9.9	1.2	3.3	0.4	2.5	0.3	0.8	0.1	16.4	1.9		
	HER2- breast cancer	China	3.3	0.4	1.1	0.1	0.8	0.1	0.3	0.0	5.5	0.6	5.5	0.6
	TGCT	China	3.3	0.4	1.1	0.1	0.8	0.1	0.3	0.0	5.5	0.6	5.5	0.6
	Melanoma	China	3.3	0.4	1.1	0.1	0.8	0.1	0.3	0.0	5.5	0.6	5.5	0.6

- approximately 23.0% of the net proceeds, or HK$195.0 million, is expected to be used to improve our R&D capacities and pursue collaboration opportunities. In particular:

  (i) approximately 10.0% of the net proceeds, or HK$84.8 million, is expected to be used to fund the continuous development, iteration and optimization of (i) our multi-target innovative drug development platform, spanning the selection of target combinations, directed mining and discovery of lead compounds, and efficient compound optimization; and (ii) our generic drug development platform, including RLD reverse engineering technology, insoluble drug research technology and high-variability drug development technology. In addition, we plan to develop more pharmaceutical technologies and product development platforms to further enhance our R&D capabilities;

  (ii) approximately 9.0% of the net proceeds, or HK$76.3 million, is expected to be used to provide competitive remuneration package for our key R&D personnel and expand our R&D team by recruiting additional 60 to 120 professionals, thereby supporting our overall R&D plans and enhancing our R&D capabilities; and

  (iii) approximately 4.0% of the net proceeds, or HK$33.9 million, will be used to explore cooperation opportunities with leading pharmaceutical companies and research institutions in China and multinational pharmaceutical companies. Specifically, we intend to initiate three to five collaborative research projects with potential collaborative partners, and commercialize our innovative drugs in selected overseas regions by the end of 2030;

- approximately 8.0% of the net proceeds, or HK$67.8 million, is expected to be used to enhance our commercialization capabilities and expand our market presence. In particular:

  (i) approximately 5.0% of the net proceeds, or HK$42.4 million, is expected to be used for expanding our sales team. Specifically:

    a) approximately 3.0% of the net proceeds, or HK$25.4 million, will be used to hire additional 30 to 60 local sales professionals to improve our market penetration rate and sales coverage in areas where we have relatively low market presence, such as Northeastern China and Northwestern China; and

b) approximately 2.0% of the net proceeds, or HK$17.0 million, will be used to expand our sales forces in areas where we have relatively strong market presence, such as Pearl River Delta area and Yangtze River Delta area, to further enhance our market penetration. We also plan to hire additional 30 to 60 sales professionals in these areas; and

(ii) approximately 3.0% of the net proceeds, or HK$25.4 million, is expected to be used to strengthen our cooperation with marketing service providers. Specifically:

a) approximately 2.0% of the net proceeds, or HK$17.0 million, will be used to provide marketing activities to enhance our market presence and reputation as well as by building stronger relationship with hospitals and other healthcare institution. This involves efforts such as offering medication guidance and after-sales services, as well as conducting market research to better understand the local market and patient needs; and

b) approximately 1.0% of the net proceeds, or HK$8.5 million, will be used for marketing activities to expand into low-tier markets and regions with unmet medical needs allowing us to reach a broader population of patients.

- approximately 7.0% of the net proceeds, or HK$59.4 million, is expected to be used to improve and optimize our R&D and manufacturing systems. In particular:

(i) approximately 5.0% of the net proceeds, or HK$42.4 million, is expected to be used for the construction of new production lines and upgrade of trial manufacturing facilities after it is expected to operate officially in second half of 2025. To cope with our expanding product portfolio of commercialized and marketed drugs as well as the growth of our business scale, we plan to upgrade our trial manufacturing facilities, add two to three new production lines in next three years and procure more machines and equipment for the operation of these new productions lines, including automatic cartoning machines, packaging machines, pillow packaging machines, feeders, and tablet presses; and

(ii) approximately 2.0% of the net proceeds, or HK$17.0 million, will be used to hire additional 50 to 100 experienced quality control personnel and manufacturing personnel to expand our professional quality control and manufacturing team. We intend to procure specialized quality control testing instruments and equipment including liquid chromatographs, gas chromatographs, dissolution testers, constant temperature and humidity chambers, and evaporative light scattering detectors;

- approximately 10.0% of the net proceeds, or HK$84.8 million, is expected to be used for our working capital and other general corporate purposes.

If the Offer Price is set at the high or low end of the indicative Offer Price range, after deducting underwriting commissions and other expenses payable by us in connection with the Global Offering, the net proceeds from the Global Offering will increase or decrease to approximately HK$92.1 million and HK$92.1 million, respectively.

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that our net proceeds from the Global Offering are insufficient to fund the above purposes, we intend to fund the deficit through a variety of means, including cash generated from operations, bank loans, other borrowings and equity financing.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Huatai Financial Holdings (Hong Kong) Limited

CMB International Capital Limited

SDICS International Securities (Hong Kong) Limited

Guosen Securities (HK) Brokerage Company, Limited

Futu Securities International (Hong Kong) Limited

China Industrial Securities International Capital Limited

CMBC Securities Company Limited

Zhongtai International Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 1,150,000 Hong Kong Offer Shares and the International Offering of initially 10,350,000 International Offer Shares.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on Wednesday, October 8, 2025. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to subscribers for, or procure themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(A) there shall develop, occur, exist or come into force:

(i) any new Law or any change or development involving a prospective change in existing Law, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting the PRC, Hong Kong, Macau, the United States, the United Kingdom or the European Union (or any of its members) (each a "**Relevant Jurisdiction**"); or

(ii) any change or development involving a prospective change or development in local, national, regional or international financial, political, military, industrial, economic, trading, currency market, fiscal or regulatory market conditions, equity securities or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, inter-bank markets and credit markets) or currency exchange rate or controls in or affecting any Relevant Jurisdiction; or

(iii) any event or a series of events, in the nature of force majeure (including, without limitation, any act of government or order of any court, strike, calamity, crisis, lock-out, fire, explosion, flooding, earthquake, civil commotion, act of war, outbreak or escalation of hostilities (whether or not war is declared), act of God, act of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riot, public disorder, outbreak or escalation of disease (including infectious disease, including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian influenza or such related/mutated forms); or

(iv) the imposition or declaration of any moratorium, suspension or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, or the Shenzhen Stock Exchange; or

(v) (a) any change or prospective change in taxation, foreign exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies) or the implementation of any exchange control, or (b) any change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or

(vi) any general moratorium on commercial banking activities in any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdictions; or

(vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any jurisdiction relevant to the business operations of any member of our Group; or

(viii) the issue or requirement to issue by the Company of a supplemental or amendment to the Prospectus, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the H Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC; or

(ix) any order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(x) any Controlling Shareholder, any Director, any Supervisor or any member of our Group's senior management being charged with an indictable offence or prohibited by laws or otherwise disqualified from taking part in the management of a company, or any litigation, dispute, legal action, claim, investigation or other action (including arrest or detainment) or proceedings being commenced by an authority, threatened or instigated against Group, any Controlling Shareholder, any Director, any Supervisor or any member of our Group's senior management; or

(xi) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director, Supervisor or members of senior management of our Group; or

(xii) any adverse change or any development involving a prospective adverse change in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profitability, results of operations, position or condition (financial or otherwise) or performance of our Group or our Group as a whole (including any litigation or claim of any third party being threatened or instigated against our Group); or

(xiii) any of the chairman, the executive directors or member of our Group's senior management vacating his/her office; or

(xiv) any demand by creditors for repayment of indebtedness before its maturity or a petition being presented for the winding-up or liquidation of our Group or our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of our Group or anything analogous thereto occurs in respect of our Group; or

(xv) any contravention by our Group of any applicable laws including the Listing Rules and the CSRC Rules; or

(xvi) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), the prospectus and any notice, announcement, advertisement, communication issued or used (by or on behalf of the Company) in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, inaccurate, incorrect or misleading or deceptive, or any forecast, estimate, expression of opinion, intention or expectation expressed in any of the Hong Kong Public Offering Documents, the prospectus and any notice, announcement, advertisement, communication so issued or used is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(xvii) either (a) there has been a breach of any of the representations, warranties, undertakings or provisions of either Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Company or any of the Controlling Shareholders or (b) any of the representations, warranties and undertakings given by the Company or any of the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, inaccurate or misleading; or

(xviii) any non-compliance of the Prospectus, the CSRC Filings (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Companies (WUMP) Ordinance, the Listing Rules, the CSRC Rules or any other applicable laws; or

(xix) any change or development involving a prospective change in, or a materialization of any of the risks set out in the section headed "Risk Factors" of this prospectus, which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) is, will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, prospects, shareholder's equity, profitability, results of operations, position or condition (financial or otherwise), or performance of our Group or our Group as a whole or to any present or prospective shareholder of the Company in its capacity as such; or

(b) has, will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of Offer Shares being applied for, under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes, will make it or may make it impracticable or inadvisable or incapable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus, the formal notice, the preliminary offering circular or the final offering circular; or

(d) has, will or would have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(B) there has come to the notice/become aware of the Overall Coordinators that, or any of the Overall Coordinators has reasonable cause to believe that:

(i) a governmental or regulatory prohibition on the Company for whatever reason from issuing or selling the H Shares pursuant to the terms of the Global Offering; or

(ii) any contravention by our Group or any Director or any Supervisor of the Companies (WUMP) Ordinance, the Companies Ordinance, the PRC Company Law, the CSRC Rules or the Listing Rules; or

(iii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the Prospectus Date, not having been disclosed in the Prospectus, constitutes a material omission or misstatement; or

(iv) any of the experts named in the Prospectus (except the Joint Sponsors) has withdrawn its consent to the issue of the Prospectus with the inclusion of its reports, letters, summaries or legal opinions (as the case may be) and references to its name included in the form and context in which they respectively appear; or

(v) any event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholders (as the case may be) pursuant to the indemnities given by the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement; or

(vi) any breach of any of the obligations of the Company, the Directors or the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(vii) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement); or

(viii) any breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(ix) that the Chairman of the Board, any Director, the chief executive officer, the chief financial officer, or any member of senior management of the Company named in the Prospectus seeks to retire, or is removed from office or vacating his/her office; or

(x) any Director or any member of senior management of the Company named in the Prospectus is being charged with an indictable offense or prohibited by operation of Law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or member of senior management of the Company in his or her capacity as such or any member of our Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(xi) any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting (1) the assets, liabilities, business, properties, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial, operational or otherwise) or performance of our Group taken as a whole, and (2) the ability of the Company to perform its obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, including the issuance and sale of the Offer Shares, or to consummate the transactions contemplated under the Prospectus (collectively, the "**Material Adverse Change**") (whether or not permanent); or

(xii) the CSRC Filings, the notice of acceptance of the CSRC filings issued by the CSRC and/or the published filing results in respect of the CSRC Filings on its website have been revoked, withdrawn, rejected or terminated; or

(xiii) other than with the prior written consent of the Joint Sponsors and the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or

(xiv) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable laws; or

(xv) any portion of the orders in the book-building process at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of the Cornerstone Investment Agreements, has been withdrawn, terminated or cancelled; or

(xvi) our Company has withdrawn the Prospectus (and/or any other documents issued or used by or on behalf of the Company in connection with the Global Offering) or the Global Offering; or

(xvii) the admission by the Listing Committee is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld,

then, in each case, the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate this Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Controlling Shareholders

Each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange respectively under Rule 10.07(1) of the Listing Rules, that, except pursuant to the Global Offering, they shall not, and shall procure that the relevant registered shareholder(s) shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) during the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or our securities in respect of which they are shown by this prospectus to be the beneficial owners; or

(b) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or our securities referred to in (a) above if, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interest or encumbrances, they would cease to be controlling shareholder(s) of our Company.

In addition, each of our Controlling Shareholders has also undertaken to our Company and the Stock Exchange respectively under Note 3 to Rule 10.07(2) of the Listing Rules that, during the First Six-month Period and the Second Six-month Period, they will:

(a) when they pledge or charge any securities of our Company beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance, Cap. 155 of the Laws of Hong Kong pursuant to Note (2) to Rule 10.07(2) of the Listing Rules) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and

(b) when they receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

Under Note 3 to Rule 10.07(2) of the Listing Rules, our Company is required to inform the Stock Exchange as soon as practicable after we have been informed of the matters referred to in (a) or (b) above by any of the relevant Controlling Shareholders and disclose such matters by way of an announcement in compliance with the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, our Company will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering and unless permitted by and in compliance with the requirements of the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"):

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company), or deposit any securities of our Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of our Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to announce any intention to effect any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities of our Company or the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of the Shares by our Company pursuant to the Global Offering. For the avoidance of doubt, (i) above shall not apply to any issue of debt securities by our Company which are not convertible into equity securities of our Company or of any other member of our Group.

In the event that, during the period of six months immediately following the First Six-Month Period (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees or announces any intention to effect any such transactions, our Company shall take all reasonable steps to ensure that such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other equity securities of the Company.

(B) Undertakings by the Controlling Shareholders

Each of our Controlling Shareholders jointly and severally agrees and undertakes to our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless permitted by and in compliance with the requirements of the Listing Rules:

(a) during the First Six-Month Period, he/she/it will not, and will procure that the relevant registered holder(s) will not:

(i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company) beneficially owned by it as at the Listing Date (the "**Locked-up Securities**"); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities; or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction described in paragraph (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraph (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of our Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities of our Company or the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period);

(b) it/he/she will not, at any time during the Second Six-Month Period, enter into any of the transactions specified in paragraph (i), (ii) or (iii) above in respect of any Locked-up Securities or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or

Encumbrance pursuant to such transaction, it/he/she will cease to be a controlling shareholder of the Company. Until the expiry of the Second Six-Month Period, in the event that he/she/it enters into any of the transactions specified in paragraph (i), (ii) or (iii) above in respect of any Locked-up Securities or offers to or agrees to or announces any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other equity securities of the Company; and

(c) at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, he/she/it will:

(i) if and when it or the relevant registered holder(s) pledges or charges any Shares or other securities of our Company beneficially owned by it, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities (or interests therein) of our Company so pledged or charged; and

(ii) if and when it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interests therein) of our Company will be disposed of, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

Our Company has undertaken to the Overall Coordinator, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters that upon receiving such information in writing from any of our Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and our Controlling Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. For details, see "Structure of the Global Offering — The International Offering".

Commissions and Expenses

The Capital Market Intermediaries involved in the Global Offering (including all Underwriters) will receive an underwriting commission of 1.5% of the aggregate Offer Price of the Offer Shares ("**Fixed Fees**"). In addition, we may, at our discretion, pay an additional incentive fee of up to 1.5% of the aggregate Offer Price of the Offer Shares to the Capital Market Intermediaries involved in the Global Offering ("**Discretionary Fees**"). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees is therefore 50:50.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$50.6 million (assuming an Offer Price of HK$78.14 per Offer Share (which is the mid-point of the indicative Offer Price range).

Indemnity

Our Company and our Controlling Shareholders have agreed to indemnify the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and our Controlling Shareholders of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

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

The listing of the H Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

11,500,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 1,150,000 H Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

(b) the International Offering of initially 10,350,000 H Shares, consisting of the offering of Shares outside the United States in reliance on Regulation S.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 14.61% of the total Shares in issue immediately following the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" below.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Pursuant to paragraph 4.2(b) of Practice Note 18 of the Listing Rules, our Company selected Mechanism B as its initial allocation and clawback mechanism, namely our Company is initially offering 1,150,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering, with no mandatory clawback mechanism. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.46% of the total Shares in issue immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B (with any odd lot being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 575,000 Hong Kong Offer Shares (being 50% of the 1,150,000 Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation.

(a) In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators, at their sole and absolute discretion (but shall not be under any obligation), may reallocate all or any of the unsubscribed Shares from the Hong Kong Public Offering to the International Offering; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed, then the Overall Coordinators, at their sole and absolute discretion (but shall not be under any obligation) may reallocate up to 575,000 Offer Shares to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase up to 1,725,000 Offer Shares, representing 15.00% of the Offer Shares initially available under the Global Offering and the final Offer Price shall be fixed at the bottom end of the indicative price range (i.e. HK$69.88 per Offer Share) in accordance with Chapter 4.14 under the Guide for New Listing Applicants published by the Stock Exchange.

(b) In the event that the International Offer Shares are undersubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed, then up to 575,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Hong Kong Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 1,725,000 Offer Shares, representing 15.00% of the Offer Shares initially available under the Global Offering.

In the case where (xx) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed or (yy) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed, the final Offer Price shall be fixed at HK$69.88 per Offer Share (being the low-end of the indicative Offer Price range stated in this prospectus) or the downward adjusted final Offer Price if a downward Offer Price adjustment is made in accordance with Chapter 4.14 under the Guide for New Listing Applicants published by the Stock Exchange.

In addition, the Overall Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Chapter 4.14 under the Guide for New Listing Applicants published by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such reallocation shall be not more than 15% of the initial allocation to the Global Offering (i.e. 1,725,000 Offer Shares).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$86.40 per Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,363.57 for one board lot of 50 Shares. If the Offer Price, as finally determined in the manner described in subsection "Pricing and Allocation" below, is less than the maximum Offer Price of HK$86.40 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares".

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an initial offering of 10,350,000 H Shares offered by our Company, representing 90% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 13.15% of the total Shares in issue immediately following the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant

investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, October 15, 2025 and, in any event, no later than 12:00 noon on Wednesday, October 15, 2025, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters), and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$86.40 per Offer Share and is expected to be not less than HK$69.88 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$86.40 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$4,363.57 for one board lot of 50 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

Reduction in Offer Price Range and/or Number of Offer Shares

The Overall Coordinators (on behalf of the Underwriters) may, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares below that stated in this prospectus at any time on or before the morning of the last day for making applications under the Hong Kong Public Offering. In this case, we will as soon as practicable after the decision to make the reduction (and no later than the morning of the last day for making applications under the Hong Kong Public Offering) publish on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **https://hxpharma.com** notice of the reduction, the cancellation of the Global Offering and the relaunch of the Global Offering at the revised number of Offer Shares and/or the revised Offer Price. This notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as set out in this prospectus, as well as any other financial information which may change as a result of the reduction.

We will, as soon as practicable following the decision to make the reduction, in addition to publishing the notice, issue a supplemental prospectus containing details in relation to the change in the number of Offer Shares being offered and/or the indicative Offer Price range. The Global Offering will be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before making applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for making applications under the Hong Kong Public Offering.

In the absence of a notice of reduction, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon between us and the Overall Coordinators (on behalf of the Underwriters), will not be set outside the indicative Offer Price range.

Announcement of the Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results".

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

The terms of the Underwriting Agreements are summarized in the section headed "Underwriting" in this prospectus.

THE H SHARES WILL BE ELIGIBLE FOR CCASS

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

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before 12:00 noon on Wednesday, October 15, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **https://hxpharma.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, October 17, 2025, provided that (a) the Global Offering has become unconditional in all respects at or before that time, and (b) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, October 17, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, October 17, 2025.

The H Shares will be traded in board lots of 50 Shares each and the stock code of the H Shares will be 2637.

IMPORTANT NOTICE TO INVESTORS
FULLY ELECTRONIC APPLICATION PROCESS

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

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

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates;
- are a Director, supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Thursday, October 9, 2025 and end at 12:00 noon on Tuesday, October 14, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Thursday, October 9, 2025 to 11:30 a.m. on Tuesday, October 14, 2025 (Hong Kong time). The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, October 14, 2025 (Hong Kong time).
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to

have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Corporate Applicants
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction

For Individual Applicants

- Identity document type, with order of priority:
  - o Hong Kong identity ("**HKID**") card; or
  - o National identification document; or
  - o Passport; and
- Identity document number

For Corporate Applicants

- Identity document type, with order of priority:
  - o Legal Entity Identifier ("**LEI**") registration document; or
  - o Certificate of incorporation; or
  - o Business registration certificate; or
  - o Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at four in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, our Company and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions our Company thinks fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size:	50
Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$86.40 per Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Public Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Hong Kong Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
50	4,363.57	800	69,817.08	7,000	610,899.41	100,000	8,727,134.40
100	8,727.13	900	78,544.21	8,000	698,170.75	200,000	17,454,268.80
150	13,090.70	1,000	87,271.34	9,000	785,442.10	300,000	26,181,403.20
200	17,454.28	1,500	130,907.01	10,000	872,713.45	400,000	34,908,537.60
250	21,817.83	2,000	174,542.69	20,000	1,745,426.88	500,000	43,635,672.00
300	26,181.40	2,500	218,178.35	30,000	2,618,140.32	575,000[(1)]	50,181,022.80
350	30,544.98	3,000	261,814.03	40,000	3,490,853.75		
400	34,908.53	3,500	305,449.70	50,000	4,363,567.20		
450	39,272.11	4,000	349,085.38	60,000	5,236,280.65		
500	43,635.67	4,500	392,721.05	70,000	6,108,994.08		
600	52,362.81	5,000	436,356.72	80,000	6,981,707.52		
700	61,089.94	6,000	523,628.07	90,000	7,854,420.95		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Applications for Hong Kong Offer Shares — 3. Information required to apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Global Offering Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(a) undertake to execute all relevant documents and instruct and authorize our Company and/or the Overall Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(b) confirm that you have read the terms and conditions and application procedures set out in this prospectus and on the designated website under the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(c) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the HKSCC Rules and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(d) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(e) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be causing your application to be made) and will not rely on any other information or representations;

(f) agree that none of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their or our Company's respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

(g) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to our Company, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraphs headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data" in this section;

(h) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(i) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(j) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which you will not be allocated Hong Kong Offer Shares" in this section;

(k) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(l) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither our Company nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(m) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, supervisors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, supervisors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(n) warrant that the information you have provided is true and accurate;

(o) confirm that you understand that our Company and the Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(p) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(q) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider; and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function.	24 hours, No later than 11:00 p.m. on Thursday, October 16, 2025 to 12:00 midnight on Wednesday, October 22, 2025 (Hong Kong time).
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our website at **https://hxpharma.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Thursday, October 16, 2025 (Hong Kong time).
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar.	between 9:00 a.m. and 6:00 p.m. from Friday, October 17, 2025 to Wednesday, October 22, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong) (Hong Kong time).

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, October 15, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, October 15, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

Our Company expects to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our website at **https://hxpharma.com** by no later than 11:00 p.m. on Thursday, October 16, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If our Company or our agents exercise our discretion to reject your application:

Our Company, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Hong Kong Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Applications for Hong Kong Offer Shares — 5. Multiple applications prohibited" in this section on what constitutes multiple applications;

- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Overall Coordinator believes that by accepting your application, it or our Company would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Friday, October 17, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	**HKSCC EIPO channel**
Despatch/collection of H Share certificate[1]		
For application of 500,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time**: from 9:00 a.m. to 1:00 p.m. on Friday, October 17, 2025 (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.

[1] Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in force in Hong Kong in the morning on Thursday, October 16, 2025 rendering it impossible for the relevant H Share certificates to be despatched to HKSCC in a timely manner, our Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

	HK eIPO White Form service	HKSCC EIPO channel
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note**: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	
For application of less than 500,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Date**: Thursday, October 16, 2025	

Refund mechanism for surplus application monies paid by you

Date	Friday, October 17, 2025	Subject to the arrangement between you and your broker or custodian.
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, October 14, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, October 14, 2025. Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our website at **https://hxpharma.com** of the revised timetable.

If a **Severe** Weather Signal is hoisted on the business day before the Listing Date (i.e. Thursday, October 16, 2025), the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS depository's service counter so that they would be available for trading on Friday, October 17, 2025.

If a **Severe** Weather Signal is hoisted on Thursday, October 16, 2025, for application of less than 500,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal are lowered or canceled (e.g. in the afternoon of Thursday, October 16, 2025 or on Friday, October 17, 2025).

If a **Severe** Weather Signal is hoisted on Friday, October 17, 2025, for application of 500,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Friday, October 17, 2025 or on Monday, October 20, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the HKSCC Rules and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank(s) and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;

- maintaining or updating the register of members of our Company;

- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;

- facilitating Hong Kong Offer Shares balloting;

- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;

- distributing communications from our Company and its subsidiaries;

- compiling statistical information and profiles of the holder of the H Shares;

- disclosing relevant information to facilitate claims on entitlements; and

- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, receiving bank(s) and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Hong Kong Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary of our Company, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-60, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FUJIAN HAIXI PHARMACEUTICALS CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of 福建海西新藥創制股份有限公司 (Fujian Haixi Pharmaceuticals Co., Ltd., being translation for identification purpose only, formerly known as "福建海西新藥創制有限公司") (the "**Company**") and its subsidiary (together, the "**Group**") set out on pages I-4 to I-60 which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and May 31, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and May 31, 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 three years ended December 31, 2022, 2023 and 2024 and the five months ended May 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-4 to I-60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 9, 2025 (the "**Prospectus**") in connection with the initial listing of the H-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 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

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, 2022, 2023 and 2024 and May 31, 2025, of the Company's financial position as of December 31, 2022, 2023 and 2024 and May 31, 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 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended May 31, 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all

material respects, in accordance with the basis of preparation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends have been declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
October 9, 2025

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 the accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Five months ended May 31,	
	NOTES	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	*5*	212,465	316,633	466,683	180,603	249,216
Cost of sales/services		(40,393)	(52,994)	(79,489)	(30,017)	(39,940)
Gross profit		172,072	263,639	387,194	150,586	209,276
Research and development expenses		(34,820)	(36,061)	(67,525)	(17,416)	(22,513)
Distribution and selling expenses		(46,848)	(93,100)	(165,682)	(56,537)	(83,323)
Administrative expenses		(10,052)	(14,197)	(20,961)	(5,241)	(7,688)
Finance costs	*6*	(24,733)	(7,748)	(7,221)	(2,976)	(2,249)
Other income, expenses, gains and losses, net	*7*	18,145	20,280	31,023	2,958	12,111
Listing expenses		–	–	(7,834)	–	(2,148)
Profit before tax		73,764	132,813	148,994	71,374	103,466
Income tax expense	*8*	(4,783)	(15,359)	(12,915)	(8,407)	(13,257)
Profit and total comprehensive income for the year/period, attributable to owners of the Company	*9*	68,981	117,454	136,079	62,967	90,209
Earnings per share *(in RMB)*	*12*	1.07	1.75	2.02	0.94	1.34

STATEMENTS OF FINANCIAL POSITION

		The Group				The Company			
		As at December 31,			As at May 31,	As at December 31,			As at May 31,
	NOTES	2022	2023	2024	2025	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS									
Investment in a subsidiary	13(a)	–	–	–	–	30,000	160,000	160,000	160,000
Property, plant and equipment	14	9,597	92,986	275,057	284,407	9,597	12,664	11,302	10,797
Deposits for acquisition of property, plant and equipment/right-of-use assets		29,040	14,732	12,479	9,782	–	299	1,257	2,024
Right-of-use assets	15	7,030	36,542	34,491	33,637	7,030	7,711	6,246	5,636
Deferred tax assets	16	24,780	9,421	5,867	3,960	24,780	9,421	5,867	3,960
Equity instrument at FVTOCI	17	–	20,000	20,000	20,000	–	20,000	20,000	20,000
Long-term fixed deposits	21(a)	–	–	30,890	31,250	–	–	30,890	31,250
Restricted bank balances	21(b)	–	51,056	7,078	5,506	–	–	–	–
Other receivables	19	340	2,974	23,699	27,875	322	477	477	477
Financial assets at fair value through profit or loss ("**FVTPL**")	20	–	–	–	23,001	–	–	–	23,001
		70,787	227,711	409,561	439,418	71,729	210,572	236,039	257,145
CURRENT ASSETS									
Inventories	18	28,373	24,801	35,333	42,915	28,373	24,801	35,333	42,915
Trade and other receivables	19	9,576	31,827	35,044	39,208	9,573	31,804	34,582	38,816
Contract assets	19	56	2,607	2,643	518	56	2,607	2,643	518
Amount due from a subsidiary	13(b)	–	–	–	–	1,000	10,132	164,320	181,845
Financial assets at FVTPL	20	20,337	–	234,956	238,558	20,337	–	206,570	215,120
Short-term fixed deposits	21(c)	120,354	20,274	–	15,044	120,354	20,274	–	15,044
Cash and cash equivalents	21(d)	171,477	254,324	38,282	46,259	169,045	220,885	36,063	44,441
		350,173	333,833	346,258	382,502	348,738	310,503	479,511	538,699
CURRENT LIABILITIES									
Trade and other payables	22	38,779	105,744	144,317	137,083	38,704	64,237	98,339	103,691
Contract liabilities	22	1,980	261	8,045	5,445	1,980	261	8,045	5,445
Bank and other borrowings	23	48,447	9,599	23,123	9,935	48,447	9,599	23,123	9,935
Lease liabilities	24	869	1,440	1,511	1,542	869	1,440	1,511	1,542
Tax payable		10	–	5,077	8,927	–	–	5,077	8,927
		90,085	117,044	182,073	162,932	90,000	75,537	136,095	129,540
NET CURRENT ASSETS		260,088	216,789	164,185	219,570	258,738	234,966	343,416	409,159
TOTAL ASSETS LESS CURRENT LIABILITIES		330,875	444,500	573,746	658,988	330,467	445,538	579,455	666,304

		The Group				The Company			
		As at December 31,			As at May 31,	As at December 31,			As at May 31,
	NOTES	2022	2023	2024	2025	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES									
Share capital	26(a)	67,207	67,207	67,207	67,207	67,207	67,207	67,207	67,207
Reserves	26(b)	220,574	338,040	474,120	564,329	220,166	339,078	479,829	571,645
TOTAL EQUITY		287,781	405,247	541,327	631,536	287,373	406,285	547,036	638,852
NON-CURRENT LIABILITIES									
Other borrowings	23	35,947	31,916	26,624	22,321	35,947	31,916	26,624	22,321
Lease liabilities	24	6,914	7,135	5,624	4,972	6,914	7,135	5,624	4,972
Deferred income		233	202	171	159	233	202	171	159
		43,094	39,253	32,419	27,452	43,094	39,253	32,419	27,452
TOTAL EQUITY AND NON-CURRENT LIABILITIES		330,875	444,500	573,746	658,988	330,467	445,538	579,455	666,304

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Capital reserve *RMB'000* *(Note i)*	Surplus reserve *RMB'000* *(Note ii)*	(Accumulated losses) retained profits *RMB'000*	Total *RMB'000*
As at January 1, 2022	62,101	93,868	–	(94,797)	61,172
Profit and total comprehensive income for the year	–	–	–	68,981	68,981
Capital injection by shareholders *(note 26(a))*	5,106	152,494	–	–	157,600
Conversion into a joint stock company with limited liability of the Company *(Note iii)*	–	(26,876)	–	26,876	–
Recognition of equity-settled share-based payments *(note 29)*	–	28	–	–	28
Transfer to surplus reserve	–	–	1,745	(1,745)	–
As at December 31, 2022	67,207	219,514	1,745	(685)	287,781
Profit and total comprehensive income for the year	–	–	–	117,454	117,454
Recognition of equity-settled share-based payments *(note 29)*	–	12	–	–	12
Transfer to surplus reserve	–	–	11,839	(11,839)	–
As at December 31, 2023	67,207	219,526	13,584	104,930	405,247
Profit and total comprehensive income for the year	–	–	–	136,079	136,079
Recognition of equity-settled share-based payments *(note 29)*	–	1	–	–	1
Transfer to surplus reserve	–	–	14,075	(14,075)	–
As at December 31, 2024	67,207	219,527	27,659	226,934	541,327
Profit and total comprehensive income for the period	–	–	–	90,209	90,209
Transfer to surplus reserve	–	–	9,182	(9,182)	–
As at May 31, 2025	67,207	219,527	36,841	307,961	631,536
As at January 1, 2024	67,207	219,526	13,584	104,930	405,247
Profit and total comprehensive income for the period	–	–	–	62,967	62,967
Recognition of equity-settled share-based payments *(note 29)*	–	1	–	–	1
Transfer to surplus reserve	–	–	6,378	(6,378)	–
As at May 31, 2024 (unaudited)	67,207	219,527	19,962	161,519	468,215

Notes:

(i) Amount as at January 1, 2022 represents the surplus of the equity contributions from shareholders over the registered capital of the Company, accumulated from prior years, of RMB93,658,000 and contribution from a shareholder for equity-settled share incentive schemes (details of which are disclosed in note 29) of the Company of RMB210,000.

(ii) According to the relevant laws in the People's Republic of China (the "**PRC**"), companies established in the Mainland China with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

(iii) Amount represents the effect of the conversion of the Company into a joint stock company with limited liability during the year ended December 31, 2022. According to the relevant rules in the PRC, the shortfall of the net assets of the Company prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprises established in the Mainland China over the 67,207,000 ordinary shares of the Company with a nominal value of RMB1.0 each issued upon the conversion of RMB26,876,000 is deducted from the capital reserve.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
OPERATING ACTIVITIES					
Profit before tax	73,764	132,813	148,994	71,374	103,466
Adjustments for:					
Interest expenses	24,733	7,748	7,221	2,976	2,249
Interest income	(6,385)	(7,086)	(5,640)	(1,296)	(1,609)
Depreciation of property, plant and equipment	1,880	2,326	2,929	1,091	1,231
Depreciation of right-of-use assets	927	1,559	2,051	854	854
(Reversal of) allowances for inventories, net	(243)	177	(125)	–	(1)
(Reversal of) impairment losses under expected credit loss ("**ECL**") model, net of reversal	(56)	671	129	(396)	205
Loss on disposal of property, plant and equipment	17	33	–	–	6
Loss (gain) on fair value change of financial assets at FVTPL	143	–	(1,141)	(313)	(4,082)
Equity-settled share-based payments	28	12	1	1	–
Release of deferred income to profit or loss	(31)	(31)	(31)	(12)	(12)
Change in the carrying amount of other borrowings measured at amortized cost	–	–	–	–	(5,248)
Operating cash flows before movements in working capital	94,777	138,222	154,388	74,279	97,059
(Increase) decrease in inventories	(5,544)	3,395	(10,407)	(2,855)	(7,581)
Decrease (increase) in trade and other receivables	5,436	(22,783)	(22,757)	10,957	(8,269)
Decrease (increase) in contract assets	183	(2,690)	(25)	647	2,229
(Decrease) increase in trade and other payables	(13,196)	25,605	33,901	(4,147)	5,548
(Decrease) increase in contract liabilities	(2,731)	(1,719)	7,784	15,132	(2,600)
Cash generated from operations	78,925	140,030	162,884	94,013	86,386
Income tax paid	–	(10)	(4,284)	(2,668)	(7,500)
Interest received	6,385	7,086	5,342	1,296	1,249
NET CASH FROM OPERATING ACTIVITIES	85,310	147,106	163,942	92,641	80,135

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
INVESTING ACTIVITIES					
Purchase of financial assets at FVTPL	(489,045)	(350,260)	(583,764)	(271,220)	(376,100)
Placement of short-term and long-term fixed deposits	(199,950)	(120,000)	(30,592)	–	(15,044)
Payments for leasehold land	(28,634)	(783)	–	–	–
Advance to a director of the Company	(3,283)	–	–	–	–
Purchase of property, plant and equipment	(2,660)	(44,388)	(138,218)	(69,181)	(8,723)
Deposit paid for property, plant and equipment	(406)	(14,326)	(40,343)	(14,410)	(11,827)
Payment of rental deposits	(18)	(2,634)	–	–	–
Repayment of advance to a director of the Company	3,283	–	–	–	–
Proceeds from withdrawal of short-term fixed deposits	79,596	220,080	20,274	20,274	–
Proceeds from maturity of financial assets at FVTPL	587,360	370,597	349,949	100,000	353,579
Investment in equity investment at FVTOCI	–	(20,000)	–	–	–
Placement of restricted bank balances	–	(51,056)	–	–	–
Withdrawal of restricted bank balances	–	–	43,978	–	1,572
NET CASH USED IN INVESTING ACTIVITIES	(53,757)	(12,770)	(378,716)	(234,537)	(56,543)
FINANCING ACTIVITIES					
Proceeds from capital injection by shareholders	157,600	–	–	–	–
Repayment of lease liabilities	(828)	(862)	(1,440)	(592)	(621)
Repayment of bank and other borrowings	(9,013)	(46,050)	(3,394)	(1,680)	(10,161)
Proceeds from bank borrowings	–	5,568	17,831	–	7,632
Payment of accrued issue costs	–	–	(839)	–	(502)
Interest paid	(14,630)	(10,145)	(13,426)	(8,544)	(11,963)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	133,129	(51,489)	(1,268)	(10,816)	(15,615)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	164,682	82,847	(216,042)	(152,712)	7,977
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	6,795	171,477	254,324	254,324	38,282
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, represented by bank balances and cash	171,477	254,324	38,282	101,612	46,259

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

The Company was established in the Mainland China in 2012 as a limited liability company under the Company Law of the PRC. On November 15, 2022, the name of the Company changed from "福建海西新藥創制有限公司" to "福建海西新藥創制股份有限公司". During the Track Record Period, (i) Dr. Kang Xinshan, founder, chairman and executive director of the Company; (ii) Ms. Feng Yan, the spouse of Dr. Kang Xinshan and executive director of the Company; (iii) and an entity controlled by Dr. Kang Xinshan have been acting in concert and are considered to be the controlling shareholders of the Company. The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus.

The Group engages in the businesses of research and development, and manufacture and sale of pharmaceutical products.

The Historical Financial Information has been prepared based on the accounting policies which conform with the IFRS Accounting Standards issued by the IASB. Further details of the material accounting policy information are set out in note 3.

The Historical Financial Information is presented in RMB, which is the currency of the economic environment in which the Company operates.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting 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 amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early adopted the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

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" sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 "Presentation of Financial Statements". The new IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; 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. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18 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 material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

Except as described above, the directors of the Company consider 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 5 and 19.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income, expenses, gains and losses, net".

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefits scheme are classified as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

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.

Share-based payments

Equity-settled share-based payment transactions: restricted share units granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market 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 (included in capital 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 capital reserve.

When restricted share units are exercised, the amount previously recognized in capital reserve will be transferred to accumulated losses/retained profits. When the restricted share units are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in capital reserve will be transferred to accumulated losses/retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation 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 utilized. 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 the transaction does not give rise to equal taxable and deductible temporary differences.

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 realized, 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

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 to the same taxable entity levied by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale.

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 settlement 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable 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, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(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 (see below). 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 the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity investment classified as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses/retained profits.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI 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 income, expenses, gains and losses, net" line item.

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 "Financial Instrument"

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amount due from a subsidiary, short-term and long-term fixed deposits, restricted bank balances, bank balances) and contract assets 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, and 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 always recognizes lifetime ECL for trade receivable and contract assets.

For all other instruments, 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.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a bill receivable has not increased significantly since initial recognition if the bill receivable is determined to have low credit risk at the reporting date. A bill receivable is determined to have low credit risk if i) it has a low risk of default, ii) the issuer has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the issuer to fulfil its contractual cash flow obligations. The Group considers a bill receivable to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for not credit-impaired trade receivables and contract assets are assessed on a collective basis, taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Repayment history; and
- Nature, size and industry of debtor.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

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 and bill 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, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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.

On derecognition of an equity instrument designated at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to accumulated losses/retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the 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 Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

All financial liabilities including trade and other payables and bank and other 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, 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 ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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 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.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of sale of products of similar natures. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates periodically. The carrying amounts of the Group's and the Company's inventories are set out in note 18.

Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves several assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

The information about the Group's and the Company's deferred tax assets is disclosed in note 16.

Estimated impairment of trade receivables

Trade receivables which considered to be credit-impaired are assessed on individual basis. In addition, the Group uses collective assessment to calculate ECL for trade receivables balances which are not assessed individually at the end of each reporting period. The ECL rates are based on internal credit ratings by groupings of various debtors that have similar loss patterns. The collective assessment is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. The historical observed default rates are reassessed and changes in the forward-looking information are considered at the end of each reporting period. The provision of ECL is sensitive to changes in estimates.

The information about the Group's and the Company's trade receivables and the related ECL disclosures are set out in notes 19 and 30, respectively.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Type of goods/services					
Sale of pharmaceutical products	205,334	311,529	461,529	177,775	249,147
Service income	7,131	5,104	5,154	2,828	69
Total	212,465	316,633	466,683	180,603	249,216
Timing of revenue recognition for contracts with customers					
At point in time	205,334	311,529	461,529	177,775	249,147
Over time	7,131	5,104	5,154	2,828	69
Total	212,465	316,633	466,683	180,603	249,216

(ii) Revenue accounting policies and performance obligations for contracts with customers

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognized at point in time when control of the goods has transferred, being when the goods have been shipped to the customers' specific locations and accepted. Following delivery, the customers have the primary responsibility for the risks of obsolescence and loss in relation to the goods while they can request for return only if the goods delivered do not meet the required quality standards.

The credit period granted to customers by the Group is determined based on the characteristics of customers' credit risks. Sales are typically due for payment on delivery and no credit period is typically granted to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

All the sales contracts that are unsatisfied are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Service income

The Group entered into research and development agreements with customers. The Group earns revenues by providing research services to the customers. Upfront payments of no more than 30% of the contract sums received by the Group was initially recognized as a contract liability. When the Group satisfies its performance obligations by providing services to a customer before the customer pays consideration and before payment is due, the Group recognizes its rights to consideration as a contract asset. The management of the Group considers that there is no significant financing component. Service income is recognized as a performance obligation satisfied over time. The Group uses services transferred to the customer to date (output method) to measure progress towards complete satisfaction of these performance obligations.

All the service contracts that are unsatisfied are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Segment information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and accordingly, the Group has only one reportable segment and no further analysis of this single segment is presented.

(iv) Geographical information

Substantially all of the Group's non-current assets are located in the Mainland China and substantially all of the Group's external customers are based in the Mainland China. Accordingly, no analysis of the operations of its external customers' geographical segment is presented.

(v) Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group for each reporting period is as below:

	Type of revenue	Year ended December 31,			Five months ended May 31,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Customer A	Sale of pharmaceutical products	124,965	153,688	212,664	84,238	110,997

Note: Based on the best knowledge of the directors of the Company, Customer A is a group of companies under the control of the same holding company.

6. FINANCE COSTS

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expense on:					
– lease liabilities	398	364	379	166	137
– bank and other borrowings	24,335	7,384	6,842	2,810	2,112
Total	24,733	7,748	7,221	2,976	2,249

7. OTHER INCOME, EXPENSES, GAINS AND LOSSES, NET

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income (expenses):					
– interest income from					
– short-term and long-term fixed deposits	5,933	6,287	4,364	792	1,544
– bank deposits	385	799	1,276	504	65
– advance to a director of the Company	67	–	–	–	–
– government grants					
– related to assets *(Note i)*	31	31	31	12	12
– related to expense items *(Note ii)*	725	5,970	7,569	459	1,260
– others	329	2	54	10	111
	7,470	13,089	13,294	1,777	2,992
Impairment losses (recognized) reversed on:					
– trade receivables	(128)	(335)	81	129	(255)
– bills receivables	–	(278)	(221)	232	(54)
– other receivables	184	81	–	–	–
– contract assets	–	(139)	11	35	104
	56	(671)	(129)	396	(205)
Other gains (losses):					
– gains from partners of collaborative arrangements *(Note iii)*	10,779	7,895	16,717	472	–
– loss on disposal of property, plant and equipment	(17)	(33)	–	–	(6)
– fair value (loss) gain of financial assets at FVTPL	(143)	–	1,141	313	4,082
– change in the carrying amount of other borrowings measured at amortized cost	–	–	–	–	5,248
	10,619	7,862	17,858	785	9,324
Total	18,145	20,280	31,023	2,958	12,111

Notes:

(i) Amount being granted by a local government in the Mainland China for the addition of property, plant and equipment, which is recognized as deferred income and is transferred to profit or loss on a systematic basis over the estimated useful life of the property, plant and equipment related to the government grants on capital expenditure.

(ii) Amount recognized mainly represent subsidies granted by certain local government authorities to support the operating activities of the Group, in which no future related cost is expected to be incurred. These government grants with no unfulfilled conditions are recognized when payments were received or became receivable.

(iii) Amount recognized represent gain on derecognition of the payables to partners of collaborative generic drug research and development arrangements (under trade and other payables) that are not required to be returned to the relevant counterparties.

8. INCOME TAX EXPENSE

	Year ended December 31,			Five months ended May 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
PRC Enterprise Income Tax ("**EIT**")					
– current year	10	–	9,361	4,935	11,010
– underprovision in prior years	–	–	–	–	340
Deferred tax *(note 16)*	4,773	15,359	3,554	3,472	1,907
	4,783	15,359	12,915	8,407	13,257

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiary established in the Mainland China (other than those as described below) is 25% for the Track Record Period.

In December 2021, the "Certificate of New Hi-tech Enterprise" was granted to the Company for a period of three year from December 2021. The same qualification has been renewed and granted to the Company for another three years in December 2024. Accordingly, the Company is subject to the preferential EIT rate of 15% for the Track Record Period.

In 2022, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Further Implementation of Preferential Income Tax for Small and Micro Enterprises (Cai Shui [2022] No. 13), which provides that the portion of annual taxable income of small and micro enterprises exceeding RMB1,000,000 but not exceed in RMB3,000,000 shall be deducted to 25% of the taxable income and subject to income tax at a rate of 20% for the period from January 1, 2022 to December 31, 2024. The subsidiary of the Company was recognized as a small and micro enterprise for the purposes of Cai Shui [2022] No. 13 up to June 30, 2023 and was entitled to a preferential tax rate of 20% from January 1, 2022 to June 30, 2023. The subsidiary of the Company was charged at the tax rate of 25% from July 1, 2023 to May 31, 2025.

The taxation for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit before tax	73,764	132,813	148,994	71,374	103,466
Tax at applicable tax rate of 25%	18,441	33,204	37,249	17,843	25,866
Tax effect of expenses not deductible for tax purposes	22	83	84	26	19
Underprovision in respect of prior years	–	–	–	–	340
Tax effect of tax losses not recognized	–	362	1,168	201	390
Extra deduction of research and development expenses *(Note)*	(5,074)	(4,878)	(9,801)	(2,444)	(2,860)
Tax effect of income tax at concessionary rate	(8,606)	(13,412)	(15,785)	(7,219)	(10,498)
Income tax expense	4,783	15,359	12,915	8,407	13,257

Note: The eligible expenditures of research and development costs incurred in the Mainland China and charged to profit or loss is subject to an additional 75% to 100% tax deduction in the calculation of income tax expense in the Track Record Period.

9. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging (crediting):

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Directors', chief executive's and supervisors' remuneration *(note 11)*	2,610	3,187	3,438	1,032	1,504
Other staff costs					
– salaries, wages and allowances	11,760	20,194	27,543	7,447	10,293
– performance-related bonus	1,129	1,956	3,385	1,256	1,737
– retirement benefits	457	621	869	321	561
Total staff costs	15,956	25,958	35,235	10,056	14,095
Less: capitalized in inventories	(382)	(473)	(730)	(183)	(325)
	15,574	25,485	34,505	9,873	13,770
Depreciation of property, plant and equipment	1,880	2,326	2,929	1,091	1,231
Depreciation of right-of-use assets	927	1,559	2,051	854	854
Total depreciation	2,807	3,885	4,980	1,945	2,085
Less: capitalized in inventories	(219)	(212)	(256)	(110)	(120)
	2,588	3,673	4,724	1,835	1,965
(Reversal of) allowances for inventories, net (included in cost of sales/services)	(243)	177	(125)	–	(1)
Marketing expenses (included in distribution and selling expenses) *(Note)*	43,118	85,629	156,353	53,769	79,884

Note: Amounts mainly represent service fees paid to third-party marketing service providers for various marketing services.

10. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period, nor proposed since the end of the Track Record Period.

11. DIRECTORS', CHIEF EXECUTIVES', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', chief executives' and supervisors' emoluments

Directors', chief executives' and supervisors' remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules, is as follows:

Year ended December 31, 2022

	Fees	Salaries, wages and allowances	Performance-related bonus	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:					
Dr. Kang Xinshan *(Note ii)*	–	964	341	18	1,323
Ms. Feng Yan *(Note iii)*	–	–	–	–	–
Dr. Chen Guangming *(Note iv)*	–	483	123	7	613
Dr. Chen Shuyi *(Note v)*	–	385	69	12	466
Non-executive Directors:					
Mr. Xu Dong *(Note vi)*	–	–	–	–	–
Mr. Wang Xinkun *(Note vii)*	–	–	–	–	–
Independent Non-executive Director:					
Mr. Gong Weimin *(Note viii)*	–	6	–	–	6
Supervisors:					
Ms. Chen Xia *(Note ix)*	–	148	46	8	202
Mr. Wu Jiang *(Note x)*	–	–	–	–	–
Mr. Yang Jianwei *(Note xi)*	–	–	–	–	–
	–	1,986	579	45	2,610

Year ended December 31, 2023

	Fees	Salaries, wages and allowances	Performance-related bonus	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:					
Dr. Kang Xinshan *(Note ii)*	–	952	349	18	1,319
Ms. Feng Yan *(Note iii)*	–	–	–	–	–
Dr. Chen Guangming *(Note iv)*	–	802	346	12	1,160
Dr. Chen Shuyi *(Note v)*	–	388	46	12	446
Non-executive Directors:					
Mr. Xu Dong *(Note vi)*	–	–	–	–	–
Mr. Wang Xinkun *(Note vii)*	–	–	–	–	–
Independent Non-executive Director:					
Mr. Gong Weimin *(Note viii)*	–	36	–	–	36
Supervisors:					
Ms. Chen Xia *(Note ix)*	–	162	56	8	226
Mr. Wu Jiang *(Note x)*	–	–	–	–	–
	–	2,340	797	50	3,187

Year ended December 31, 2024

	Fees	Salaries, wages and allowances	Performance-related bonus	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:					
Dr. Kang Xinshan *(Note ii)*	–	933	354	18	1,305
Ms. Feng Yan *(Note iii)*	–	246	–	–	246
Dr. Chen Guangming *(Note iv)*	–	799	304	1	1,104
Dr. Chen Shuyi *(Note v)*	–	405	50	12	467
Non-executive Directors:					
Mr. Xu Dong *(Note vi)*	–	–	–	–	–
Mr. Wang Xinkun *(Note vii)*	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Gong Weimin *(Note viii)*	10	33	–	–	43
Ms. Wang Shanshan *(Note xiii)*	10	–	–	–	10
Ms. Pu Meiting *(Note xiii)*	10	–	–	–	10
Supervisors:					
Ms. Chen Xia *(Note ix)*	–	180	65	8	253
Mr. Wu Jiang *(Note x)*	–	–	–	–	–
Ms. Xu Lixia *(Note xii)*	–	–	–	–	–
	30	2,596	773	39	3,438

Five months ended May 31, 2024 (unaudited)

	Fees	Salaries, wages and allowances	Performance-related bonus	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:					
Dr. Kang Xinshan *(Note ii)*	–	372	21	7	400
Ms. Feng Yan *(Note iii)*	–	–	–	–	–
Dr. Chen Guangming *(Note iv)*	–	330	5	1	336
Dr. Chen Shuyi *(Note v)*	–	167	20	5	192
Non-executive Directors:					
Mr. Xu Dong *(Note vi)*	–	–	–	–	–
Mr. Wang Xinkun *(Note vii)*	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Gong Weimin *(Note viii)*	–	15	–	–	15
Ms. Wang Shanshan *(Note xiii)*	–	–	–	–	–
Ms. Pu Meiting *(Note xiii)*	–	–	–	–	–
Supervisors:					
Ms. Chen Xia *(Note ix)*	–	76	10	3	89
Mr. Wu Jiang *(Note x)*	–	–	–	–	–
Ms. Xu Lixia *(Note xii)*	–	–	–	–	–
	–	960	56	16	1,032

Five months ended May 31, 2025

	Fees	Salaries, wages and allowances	Performance-related bonus	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:					
Dr. Kang Xinshan *(Note ii)*	–	401	22	7	430
Ms. Feng Yan *(Note iii)*	–	176	1	–	177
Dr. Chen Guangming *(Note iv)*	–	435	2	–	437
Dr. Chen Shuyi *(Note v)*	–	170	21	5	196
Non-executive Directors:					
Mr. Xu Dong *(Note vi)*	–	–	–	–	–
Mr. Wang Xinkun *(Note vii)*	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Gong Weimin *(Note viii)*	50	–	–	–	50
Ms. Wang Shanshan *(Note xiii)*	50	–	–	–	50
Ms. Pu Meiting *(Note xiii)*	50	–	–	–	50
Supervisors:					
Ms. Chen Xia *(Note ix)*	–	93	15	6	114
Mr. Wu Jiang *(Note x)*	–	–	–	–	–
Ms. Xu Lixia *(Note xii)*	–	–	–	–	–
	150	1,275	61	18	1,504

Notes:

(i) The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company. The independent non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Group, respectively. The performance-related bonuses were determined by the management of the Group by reference to the performance.

(ii) Dr. Kang Xinshan is the chief executive of the Group and the emoluments disclosed above include those for services rendered as the chief executive and executive director of the Company. Dr. Kang Xinshan was appointed as a director of the Company since 2012 and re-designated as executive director in December 2024.

(iii) Ms. Feng Yan was appointed as a director of the Company in November 2017 and was re-designated as executive director in December 2024.

(iv) Dr. Chen Guangming was appointed as a director of the Company in October 2023 and was re-designated as executive director in December 2024.

(v) Dr. Chen Shuyi was appointed as a director of the Company in July 2022 and re-designated as executive director in December 2024.

(vi) Mr. Xu Dong was appointed as a director of the Company in August 2023 and was re-designated as a non-executive director in December 2024.

(vii) Mr. Wang Xinkun was appointed as a director of the Company in March 2024 and was re-designated as a non-executive director in December 2024. Mr. Wang Xinkun served as a supervisor of the Company from October 2022 to March 2024.

(viii) Mr. Gong Weimin was appointed as a director of the Company in October 2022 and re-designated as an independent non-executive director in December 2024.

(ix) Ms. Chen Xia was appointed as supervisor of the Company in April 2016.

(x) Mr. Wu Jiang was appointed as a supervisor of the Company in November 2020.

(xi) Mr. Yang Jianwei was appointed as a supervisor of the Company in December 2020 and resigned from this office in November 2022.

(xii) Ms. Xu Lixia was appointed as a supervisor of the Company in March 2024.

(xiii) Ms. Wang Shanshan and Ms. Pu Meiting were appointed as independent non-executive directors of the Company in December 2024.

Five individuals with the highest emoluments

The five highest paid individuals of the Group included 3, 2, 2, 3 (unaudited) and 3 directors and supervisors for the years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining 2, 3, 3, 2 (unaudited) and 2 individuals for the years ended December 31, 2022, 2023, 2024, and the five months ended May 31, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and allowances	807	1,181	1,073	327	339
Performance-related bonuses	137	541	825	41	43
Retirement benefits	16	16	15	8	8
	960	1,738	1,913	376	390

The number of the highest paid employees for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025 who are not the directors nor the supervisors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended December 31,			Five months ended May 31,	
	2022	**2023**	**2024**	**2024**	**2025**
				(unaudited)	
Emolument bands					
Nil to Hong Kong Dollar ("**HK$**") 1,000,000	2	3	3	2	2

No emoluments were paid by the Group to the directors, the supervisors of the Company or the five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. None of the directors or supervisors waived any emoluments during the Track Record Period.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Earnings for the year *(RMB'000)*:					
Earnings for the purpose of basic earnings per share	68,981	117,454	136,079	62,967	90,209
Number of shares *('000)*:					
Weighted average number of ordinary shares for the purpose of basic earnings per share	64,270	67,207	67,207	67,207	67,207

No diluted earnings per share for the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2024 and 2025 were presented as there were no potential ordinary shares in issue for any of those reporting periods.

13. INVESTMENT IN A SUBSIDIARY

(a) Particulars of a subsidiary

The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments, at cost				
– 海西新藥創制(福州)有限公司 Haixi New Drug Creation (Fuzhou) Co., Ltd.* ("**Haixi Fuzhou**")	30,000	160,000	160,000	160,000

* *for identification purpose only*

Since its establishment during the Track Record Period and as at the date of this report, the above subsidiary is directly held by the Company. Particulars of this investment are as follow:

Place and date of incorporation	Equity interest attributable to the Group					Paid up issued/ registered capital	Principal activities
	As at December 31,			As at May 31,	At date of this		
	2022	2023	2024	2025	report		
PRC June 30, 2022	100%	100%	100%	100%	100%	December 31, 2022: RMB30,000,000 December 31, 2023, 2024, May 31, 2025 and date of report: RMB160,000,000	Manufacture, wholesale, retail and commissioned manufacture of pharmaceutical products

Haixi Fuzhou is a limited liability company and had no debt securities outstanding as at December 31, 2022, 2023, 2024 or May 31, 2025 or at any time during the Track Record Period.

The statutory financial statements of the Company for each of the years ended December 31, 2022 and 2023 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprise and were audited by Fujian Mincai Certified Public Accountants Co., Ltd. 福建閩才會計師事務所有限公司, certified public accountants, registered in the Mainland China.

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 PRC enterprise and were audited by Fujian Zhongzhenghengrui Certified Public Accountants Co., Ltd. 福建中正恆瑞會計師事務所有限公司, certified public accountants, registered in the Mainland China.

No statutory financial statements have been prepared for Haixi Fuzhou since there are no statutory audit requirements.

(b) Amount due from a subsidiary

Amount is non-trade-related, unsecured, interest free and repayable on demand.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Construction in progress *RMB'000*	Laboratory equipment *RMB'000*	Leasehold improvement *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost					
At January 1, 2022	–	17,151	2,723	1,664	21,538
Additions	–	2,754	–	24	2,778
Disposals/written-off	–	(149)	–	(2)	(151)
At December 31, 2022	–	19,756	2,723	1,686	24,165
Additions	80,081	5,290	–	377	85,748
Disposals/written-off	–	(536)	–	(120)	(656)
At December 31, 2023	80,081	24,510	2,723	1,943	109,257
Additions	183,118	1,358	363	161	185,000
At December 31, 2024	263,199	25,868	3,086	2,104	294,257
Additions	9,913	570	–	104	10,587
Disposals/written-off	–	(122)	–	–	(122)
At May 31, 2025	273,112	26,316	3,086	2,208	304,722
Depreciation					
At January 1, 2022	–	11,787	326	709	12,822
Provided for the year	–	1,369	279	232	1,880
Eliminated on disposals/written-off	–	(132)	–	(2)	(134)
At December 31, 2022	–	13,024	605	939	14,568
Provided for the year	–	1,779	279	268	2,326
Eliminated on disposals/written-off	–	(509)	–	(114)	(623)
At December 31, 2023	–	14,294	884	1,093	16,271
Provided for the year	–	2,362	289	278	2,929
At December 31, 2024	–	16,656	1,173	1,371	19,200
Provided for the period	–	982	123	126	1,231
Eliminated on disposals/written-off	–	(116)	–	–	(116)
At May 31, 2025	–	17,522	1,296	1,497	20,315
Carrying values					
At December 31, 2022	–	6,732	2,118	747	9,597
At December 31, 2023	80,081	10,216	1,839	850	92,986
At December 31, 2024	263,199	9,212	1,913	733	275,057
At May 31, 2025	273,112	8,794	1,790	711	284,407

The Company

	Laboratory Equipment *RMB'000*	Leasehold Improvement *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost				
At January 1, 2022	17,151	2,723	1,664	21,538
Additions	2,754	–	24	2,778
Disposals/written-off	(149)	–	(2)	(151)
At December 31, 2022	19,756	2,723	1,686	24,165
Additions	5,290	–	121	5,411
Disposals/written-off	(536)	–	(120)	(656)
At December 31, 2023	24,510	2,723	1,687	28,920
Additions	1,358	363	161	1,882
Disposed to a subsidiary	(803)	–	–	(803)
At December 31, 2024	25,065	3,086	1,848	29,999
Additions	570	–	104	674
Disposals/written-off	(122)	–	–	(122)
At May 31, 2025	25,513	3,086	1,952	30,551
Depreciation				
At January 1, 2022	11,787	326	709	12,822
Provided for the year	1,369	279	232	1,880
Eliminated on disposals/written-off	(132)	–	(2)	(134)
At December 31, 2022	13,024	605	939	14,568
Provided for the year	1,779	279	253	2,311
Eliminated on disposals/written-off	(509)	–	(114)	(623)
At December 31, 2023	14,294	884	1,078	16,256
Provided for the year	2,333	289	228	2,850
Eliminated on disposals to a subsidiary	(409)	–	–	(409)
At December 31, 2024	16,218	1,173	1,306	18,697
Provided for the period	946	123	104	1,173
Eliminated on disposals/written-off	(116)	–	–	(116)
At May 31, 2025	17,048	1,296	1,410	19,754
Carrying values				
At December 31, 2022	6,732	2,118	747	9,597
At December 31, 2023	10,216	1,839	609	12,664
At December 31, 2024	8,847	1,913	542	11,302
At May 31, 2025	8,465	1,790	542	10,797

The above items of property, plant and equipment of the Group and the Company, except for construction in progress of the Group, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Laboratory equipment	10%-20%
Leasehold improvement	10%
Others	20%-33.3%

15. RIGHT-OF-USE ASSETS

The Group

	Leased properties *RMB'000*	**Leasehold land** *RMB'000*	**Total** *RMB'000*
At January 1, 2022	7,957	–	7,957
Depreciation	(927)	–	(927)
At December 31, 2022	7,030	–	7,030
Addition	1,654	29,417	31,071
Depreciation	(973)	(586)	(1,559)
At December 31, 2023	7,711	28,831	36,542
Depreciation	(1,465)	(586)	(2,051)
At December 31, 2024	6,246	28,245	34,491
Depreciation	(610)	(244)	(854)
At May 31, 2025	5,636	28,001	33,637

The Company

	Leased properties *RMB'000*
At January 1, 2022	7,957
Depreciation	(927)
At December 31, 2022	7,030
Addition	1,654
Depreciation	(973)
At December 31, 2023	7,711
Depreciation	(1,465)
At December 31, 2024	6,246
Depreciation	(610)
At May 31, 2025	5,636

	The Group				The Company			
	Year ended December 31,			Five months ended May 31,	Year ended December 31,			Five months ended May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total cash outflow for leases	29,860	2,009	1,819	758	1,226	1,226	1,819	758

During the Track Record Period, the Group leases buildings for its operations. Lease contracts are entered into for fixed term of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The above items of right-of-use assets are depreciated on a straight-line basis over their estimated useful lives based on lease terms at the following rates per annum:

Leased properties	10%-33.3%
Leasehold land	2%

16. DEFERRED TAX ASSETS

The followings are the major deferred tax assets and liabilities recognized and movements thereon during the Track Record Period:

The Group and Company

	Right-of-use assets	Lease liabilities	Tax losses	Other borrowings	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	(1,193)	1,292	16,194	12,395	865	29,553
Credit (charge) to profit or loss	139	(124)	1,635	(6,494)	71	(4,773)
At December 31, 2022	(1,054)	1,168	17,829	5,901	936	24,780
(Charge) credit to profit or loss	(102)	119	(14,874)	(509)	7	(15,359)
At December 31, 2023	(1,156)	1,287	2,955	5,392	943	9,421
(Charge) credit to profit or loss	219	(216)	(2,955)	(605)	3	(3,554)
At December 31, 2024	(937)	1,071	–	4,787	946	5,867
Credit (charge) to profit or loss	91	(93)	–	(1,094)	(811)	(1,907)
At May 31, 2025	(846)	978	–	3,693	135	3,960

As at December 31, 2022, 2023, 2024 and May 31, 2025, the Group had unused tax losses of RMB118,860,000, RMB21,146,000, RMB6,117,000 and RMB7,724,000, under PRC EIT, respectively, available to offset against future profits. A deferred tax asset has been recognized in respect of RMB118,860,000, RMB19,700,000, nil and nil of such losses as at December 31, 2022, 2023, 2024 and May 31, 2025, respectively. No deferred tax asset has been recognized in respect of the remaining balance of nil, RMB1,446,000, RMB6,117,000 and RMB7,724,000 as at December 31, 2022, 2023, 2024 and May 31, 2025, respectively, due to the unpredictability of future profit streams. The unrecognized tax losses as at December 31, 2023 will expire in 2028, the balances as at December 31, 2024 will expire in 2028 and 2029, and the balances as at May 31, 2025 will expire in 2028, 2029 and 2030.

As at December 31, 2022, 2023, 2024 and May 31, 2025, the Company had unused tax losses of RMB118,860,000, RMB19,700,000, nil and nil, under PRC EIT, respectively, available to offset against future profits. A deferred tax asset has been recognized in respect of RMB118,860,000, RMB19,700,000, nil and nil of such losses as at December 31, 2022, 2023, 2024 and May 31, 2025, respectively.

17. EQUITY INSTRUMENT AT FVTOCI

The Group and Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity securities	–	20,000	20,000	20,000

In July 2023, the Company completed the capital injection into a private entity incorporated in the Cayman Islands, an independent third party, for an aggregate consideration of RMB20,000,000 in cash, for 4.58% of equity interest therein.

In the opinion of the directors of the Company, this investment is for long-term strategic purposes and not for trading. The directors of the Company elect to present subsequent changes in fair value of this equity investment in other comprehensive income. Accordingly, this equity investment is classified as at FVTOCI.

18. INVENTORIES

The Group and Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	16,209	11,824	16,207	25,676
Work in progress	4,754	3,573	8,104	5,200
Finished goods	7,410	9,404	11,022	12,039
	28,373	24,801	35,333	42,915

19. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables — contract with customers	3,852	10,504	8,189	11,047	3,852	10,504	8,189	11,047
Less: allowance for credit losses	(193)	(528)	(370)	(625)	(193)	(528)	(370)	(625)
	3,659	9,976	7,819	10,422	3,659	9,976	7,819	10,422
Bills receivables	2,375	9,891	12,488	11,055	2,375	9,891	12,488	11,055
Less: allowance for credit losses	–	(278)	(499)	(553)	–	(278)	(499)	(553)
	2,375	9,613	11,989	10,502	2,375	9,613	11,989	10,502
Rental deposit	322	477	477	477	322	477	477	477
Other receivables	1,664	214	280	338	1,661	196	267	327
Prepayments to suppliers	1,265	8,874	9,213	12,295	1,265	8,869	8,763	11,914
Other tax recoverables	631	5,647	27,640	31,344	613	3,150	4,419	3,946
Deferred issue cost	–	–	1,325	1,705	–	–	1,325	1,705
	3,882	15,212	38,935	46,159	3,861	12,692	15,251	18,369
	9,916	34,801	58,743	67,083	9,895	32,281	35,059	39,293
Analyzed as:								
Current	9,576	31,827	35,044	39,208	9,573	31,804	34,582	38,816
Non current	340	2,974	23,699	27,875	322	477	477	477
	9,916	34,801	58,743	67,083	9,895	32,281	35,059	39,293

As at January 1, 2022, the carrying amount of trade receivables net of allowance for credit losses from contracts with customers of the Group and the Company amounted to RMB1,227,000.

The following is an aging analysis of trade and bills receivables presented based on the dates of goods delivery at the end of each reporting period:

	The Group and Company			
	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 90 days	5,944	18,030	13,456	14,218
More than 90 days	90	1,559	6,352	6,706
	6,034	19,589	19,808	20,924

No credit period is typically granted to customers. The Group and the Company does not hold any collateral over these balances. Details of impairment assessment of trade receivables, bills receivables and other receivables are set out in note 30.

	The Group and Company			
	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets for service income	56	2,607	2,643	518

As at January 1, 2022, the carrying amount of contract assets of the Group and the Company amounted to RMB58,000.

20. FINANCIAL ASSETS AT FVTPL

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Money market funds	20,337	–	234,956	238,558	20,337	–	206,570	215,120
Convertible notes	–	–	–	23,001	–	–	–	23,001
	20,337	–	234,956	261,559	20,337	–	206,570	238,121

Details of the fair value measurement for the financial assets at FVTPL are set out in note 30. All of the financial assets at FVTPL are denominated in RMB, which is the same as the functional currency of the relevant entities of the Group.

In January 2025, the Company completed the subscription of the convertible notes issued by a private entity incorporated in the Cayman Islands, an independent third party, for a principal amount of RMB20,000,000.

The convertible notes are classified as non-current as of May 31, 2025 as the management expects to realize these financial assets more than twelve months after the end of the reporting period.

21. RESTRICTED BANK BALANCES, SHORT-TERM FIXED DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) Long-term fixed deposits

Long-term fixed deposits of the Group and the Company as at December 31, 2024 and May 31, 2025 represent deposits with a bank with a maturity period of more than three months when acquired, and will mature after twelve months from the end of the reporting period, and are therefore classified as non-current assets as at December 31, 2024 and May 31, 2025. The deposits carry an interest rate of 2.90% per annum upon maturity or carry a floating rate based on daily bank deposit rate if the Group redeems them early at any time before the maturity date.

(b) Restricted bank balances

Restricted bank balances of the Group as at December 31, 2023 represent bank balances (i) placed in a designated bank account of the Group whose uses were restricted for acquisition of certain laboratory equipments from an independent third party amounting to RMB33,000,000 and (ii) received from a contractor as a performance guarantee for the construction of the construction in progress of the Group amounting to RMB18,056,000.

Restricted bank balances of the Group as at December 31, 2024 and May 31, 2025 represent bank balances placed in a designated bank account of the Group whose uses were restricted for acquisition of certain laboratory equipments from an independent third party.

(c) Short-term fixed deposits

Short-term fixed deposits of the Group and the Company are deposits with a financial institution with a maturity period within twelve months when acquired.

(d) Cash and cash equivalents

Cash and cash equivalents consist of bank balances and demand deposits for the purpose of meeting the Group's short term cash commitment.

The ranges of effective interest rate of the bank balances and deposits of the Group and the Company are:

	As at December 31,			As at May 31,
	2022	2023	2024	2025
Interest rate per annum	0.05%-3.00%	0.20%-3.20%	0.20%-2.90%	0.05%-2.90%

Details of impairment assessment of the above balances are set out in note 30.

22. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	3,109	2,804	5,744	10,094	3,109	2,804	5,744	10,094
Bills payables	–	–	10,039	13,043	–	–	10,039	13,043
	3,109	2,804	15,783	23,137	3,109	2,804	15,783	23,137
Salaries and wages payables	3,121	6,834	8,902	2,335	3,092	6,534	8,490	2,255
Other tax payables	2,582	5,574	2,641	5,221	2,582	5,536	2,641	4,713
Deposits received from suppliers	7,760	4,021	1,148	588	7,760	3,370	1,148	588
Payables for research services	4,994	3,542	11,109	9,350	4,994	3,542	11,109	9,350
Payables for marketing expenses	5,134	21,171	29,867	36,143	5,134	21,171	29,867	36,143
Payables for purchases of property, plant and equipment	73	41,360	45,546	32,886	73	842	–	84
Payables to partners of collaborative arrangements	11,471	20,057	23,867	24,592	11,471	20,057	23,867	24,592
Accrued listing expenses	–	–	4,711	2,007	–	–	4,711	2,007
Accrued issue costs	–	–	486	364	–	–	486	364
Others	535	381	257	460	489	381	237	458
	35,670	102,940	128,534	113,946	35,595	61,433	82,556	80,554
	38,779	105,744	144,317	137,083	38,704	64,237	98,339	103,691

The credit period on trade and bills payables is 0-90 days. The following is an aging analysis of trade and bills payables of the Group and the Company presented based on the invoice date/issuance date at the end of each reporting period:

	The Group and Company			
	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 90 days	3,079	2,662	15,703	7,344
More than 90 days	30	142	80	15,793
	3,109	2,804	15,783	23,137

	The Group and Company			
	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities				
– from sale of pharmaceutical products	1,408	261	7,609	4,868
– from service income	572	–	436	577
	1,980	261	8,045	5,445

As at January 1, 2022, the Group and the Company had contract liabilities of RMB4,711,000, arising from the sale of pharmaceutical products amounting to RMB903,000 and service income amounting to RMB3,808,000.

Contract liabilities are expected to be settled within the Group's and the Company's normal operating cycle.

The contract liabilities for sales of goods are classified as current based on the Group's and the Company's earliest obligation to transfer goods to the customers. Revenue recognized during each reporting period with performance obligation satisfied includes the entire balance of contract liability at the beginning of each reporting period. The contract liabilities for service income are classified as current based on Group's and the Company's earliest obligation to transfer services to the customers.

23. BANK AND OTHER BORROWINGS

The Group and Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings				
Advances drawn on bills receivables discounted with recourse, secured and unguaranteed	–	5,568	9,713	7,632
Borrowing, unsecured and unguaranteed	–	–	8,118	–
	–	5,568	17,831	7,632
Other borrowings				
Advances from third parties, unsecured and unguaranteed	84,394	35,947	31,916	24,624
	84,394	41,515	49,747	32,256
Carrying amounts of bank borrowings are repayable:				
Within one year	–	5,568	17,831	7,632
Carrying amounts of other borrowings are repayable:				
Within one year	48,447	4,031	5,292	2,303
Within a period of more than one year but not exceeding two years	4,031	5,292	5,467	4,667
Within a period of more than two years but not exceeding five years	17,472	13,982	10,308	8,253
Within a period of more than five years	14,444	12,642	10,849	9,401
Total other borrowings	84,394	35,947	31,916	24,624
Less: amount due for settlement within 12 months shown under current liabilities	(48,447)	(4,031)	(5,292)	(2,303)
Amount due for settlement after 12 months shown under non-current liabilities	35,947	31,916	26,624	22,321
Total bank and other borrowings shown under:				
Current liabilities	48,447	9,599	23,123	9,935
Non-current liabilities	35,947	31,916	26,624	22,321
	84,394	41,515	49,747	32,256

In previous years, agreements were entered into by the Company with independent third parties which entitled each of the counterparty to certain percentages of the profit from the sales of specific drug candidates upon commercialization. In consideration, the Company is entitled to receive upfront fees from these counterparties on entering into the respective agreements. In the opinion of the directors of the Company, these amounts are considered as borrowings for the Group based on the substance of the contractual arrangements and satisfaction of the definition of a financial liability. These amounts are measured at amortized cost as at December 31, 2022, 2023, 2024 and May 31, 2025.

During the five months ended May 31, 2025, an adjustment of RMB5,248,000 to the amortized cost of the other borrowings has been made to reflect the actual contractual cash flows and is recognized in the profit or loss (note 7).

24. LEASE LIABILITIES

The Group and Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	869	1,440	1,511	1,542
Within a period of more than one year but not more than two years	912	1,511	1,586	1,368
Within a period of more than two years but not more than five years	3,021	3,752	3,331	3,400
More than five years	2,981	1,872	707	204
	7,783	8,575	7,135	6,514
Less: amount due for settlement within 12 months shown under current liabilities	(869)	(1,440)	(1,511)	(1,542)
Amount due for settlement after 12 months shown under non-current liabilities	6,914	7,135	5,624	4,972

The weighted average incremental borrowing rates applied to lease liabilities is 4.90% as at December 31, 2022 and 4.87% as at December 31, 2023, 2024 and May 31, 2025.

25. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the Mainland China, the employees of the Group based in the Mainland China participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the Mainland China under which the Group and the relevant employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired Mainland China-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans are recognized as employee benefit charged to profit or loss and capitalized where applicable.

Contributions to the above schemes for the years ended December 31, 2022, 2023, 2024 and the five months ended May 31, 2024 and 2025 made by the Group amounted to RMB502,000, RMB671,000, RMB908,000, RMB337,000 (unaudited) and RMB579,000, respectively.

26. REGISTERED CAPITAL AND RESERVES OF THE COMPANY

(a) Registered capital of the Company

On January 1, 2022, the registered capital of the Company was RMB62,101,170. It increased to RMB67,207,270 in July 2022 upon capital injection by certain shareholders for a total consideration of RMB157,600,000. Upon conversion into a joint stock limited liability company in November 2022, the then registered capital of the Company was converted into 67,207,270 ordinary shares of the Company in a nominal value of RMB1.0 each.

The details of the share capital of the Company after the conversion into a joint stock limited liability company to the end of each reporting period are as follow:

	Number of shares	
	'000	*RMB'000*
Ordinary shares of RMB1.0 each		
At November 15, 2022, December 31, 2022, December 31, 2023, December 31, 2024 and May 31, 2025	67,207	67,207

(b) Reserves of the Company

	Capital Reserve *RMB'000*	Surplus reserve *RMB'000*	(Accumulated losses) retained profits *RMB'000*	Total *RMB'000*
As at January 1, 2022	93,868	–	(94,799)	(931)
Profit and total comprehensive income for the year	–	–	68,575	68,575
Capital injection by shareholders	152,494	–	–	152,494
Conversion into a joint stock company with limited liability	(26,876)	–	26,876	–
Recognition of equity-settled share-based payments	28	–	–	28
Transfer to surplus reserve	–	1,705	(1,705)	–
As at December 31, 2022	219,514	1,705	(1,053)	220,166
Profit and total comprehensive income for the year	–	–	118,900	118,900
Recognition of equity-settled share-based payments	12	–	–	12
Transfer to surplus reserve	–	11,839	(11,839)	–
As at December 31, 2023	219,526	13,544	106,008	339,078
Profit and total comprehensive income for the year	–	–	140,750	140,750
Recognition of equity-settled share-based payments	1	–	–	1
Transfer to surplus reserve	–	14,075	(14,075)	–
As at December 31, 2024	219,527	27,619	232,683	479,829
Profit and total comprehensive income for the period	–	–	91,816	91,816
Transfer to surplus reserve	–	9,182	(9,182)	–
As at May 31, 2025	219,527	36,801	315,317	571,645

27. CAPITAL COMMITMENT

	As at December 31,			As at May 31,
	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Capital expenditure in respect of:				
– acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	2,834	140,812	27,015	3,050

28. 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 optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank and other borrowings disclosed in note 23 and lease liabilities disclosed in note 24, net of long-term fixed deposits, restricted bank balances, short-term fixed deposits and cash and cash equivalents disclosed in note 21(d), and equity attributable to owners of the Company, comprising share capital and various 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 the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares or new debts and redemption of existing debts.

29. SHARE-BASED PAYMENTS

Equity-settled share incentive scheme of the Company

In 2017, a share incentive plan was established by the Company and Dr. Kang Xinshan to grant restricted share units ("**RSUs**") to eligible employees of the Group (the "**2017 Equity Incentive Scheme**") for the purpose of incentivising them for the interests of the substantiable growth of the Group. According to the 2017 Equity Incentive Scheme, the grantees will become limited partners of an established limited liability partnership, Xiamen Tairuihe Investment Partnership (Limited) Partnership (the "**RSU Platform**", which is controlled and managed by its sole general partner, Dr. Kang Xinshan) on the grant date. The RSU Platform in turn is a shareholder of the Company.

Eligible persons of the Group participated in the 2017 Equity Incentive Scheme by obtaining partnership interests of the RSU Platform through transfer of interest therein from Dr. Kang Xinshan. Based on the 2017 Equity Incentive Scheme entered into by each of Dr. Kang Xinshan, the RSU Platform and the eligible participants, the RSUs were granted to each eligible participant over a five-year period, with 20% of the total RSUs granted on each of the five anniversary since November 2017. Each RSU will vest in three years following the relevant grant date provided that the grantee continued to be an employee of the Group by then. If a grantee ceases to be employed by the Group within the vesting period, the granted RSUs should be repurchased by Dr. Kang Xinshan, who also determines the transaction prices.

In 2021, eligible persons of the Group were invited to participate in another share incentive plan (the "**2021 Equity Incentive Scheme**") under which the grantees were granted with RSUs in the RSU Platform. All of the RSUs granted under the 2021 Equity Incentive Scheme were vested and exercised in 2021. The fair value of the RSUs as at the grant date of the 2021 Equity Incentive Scheme was RMB10.83 per RSU.

The fair value of the RSUs granted under the 2017 Equity Incentive Scheme as at different grant dates were estimated using the Black-Scholes model by an independent valuer, Yinxin Appraisal Co., Ltd., as of respective grant dates while the fair value of the RSU granted under the 2021 Equity Incentive Scheme was estimated by reference to the then latest round of financing of the Group. These equity incentive schemes are considered as equity-settled share-based payments to employees by the Group. The Group recognized a total expense of RMB28,000, RMB12,000, RMB1,000, RMB1,000 (unaudited) and nil, for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively. As the grantees became the limited partners of the RSU Platform, being a shareholder of the Company, the issuance of the RSUs to the Group's employees is regarded as a contribution from a shareholder and was credited to the capital reserve in the equity.

The following table discloses movements of the RSUs under the 2017 Equity Incentive Scheme during the Track Record Period:

Tranche	Outstanding at January 1, 2022 *RMB'000*	Vested and exercised during the year *RMB'000*	Outstanding at December 31, 2022 *RMB'000*	Vested and exercised during the year *RMB'000*	Outstanding at December 31, 2023 *RMB'000*	Vested and exercised during the year *RMB'000*	Outstanding at December 31, 2024 and May 31, 2025 *RMB'000*
Lot i	226,990	(226,990)	–	–	–	–	–
Lot ii	86,327	–	86,327	(86,327)	–	–	–
Lot iii	42,896	–	42,896	–	42,896	(42,896)	–
Total	356,213	(226,990)	129,223	(86,327)	42,896	(42,896)	–

Tranche	Vesting period	Exercisable date	Grant date fair value per RSU *RMB*
Lot i	30.11.2017-29.11.2022	30.11.2022	0.38
Lot ii	30.11.2017-29.11.2023	30.11.2023	0.57
Lot iii	30.11.2017-29.11.2024	30.11.2024	0.63

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Financial assets								
Equity instrument at FVTOCI	–	20,000	20,000	20,000	–	20,000	20,000	20,000
Financial assets at FVTPL	20,337	–	234,956	261,559	20,337	–	206,570	238,121
At amortized cost	299,786	345,745	96,610	119,460	298,354	271,382	253,214	293,981
	320,123	365,745	351,566	401,019	318,691	291,382	479,784	552,102
Financial liabilities								
At amortized cost	117,470	134,851	182,521	161,783	117,424	93,682	136,955	128,979
Lease liabilities	7,783	8,575	7,135	6,514	7,783	8,575	7,135	6,514
	125,253	143,426	189,656	168,297	125,207	102,257	144,090	135,493

(b) Financial risk management objectives and policies

The Group's and Company's major financial instruments include equity instrument at FVTOCI, trade and bills receivables, certain other receivables, financial assets at FVTPL, long-term fixed deposits, restricted bank balances, short-term fixed deposits, cash and cash equivalents, trade payables, certain other payables, bank and other borrowings and lease liabilities. The Company's financial instruments also include amount due from a subsidiary. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (interest rate risk and other price 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. The directors of the Company consider the Group and the Company do not subject to foreign exchange rate risk.

Market risks

(i) Interest rate risk

The Group and Company is exposed to fair value interest rate risk in relation to short-term fixed deposits, fixed-rate bank and other borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and restricted bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Group considers that the impacts of interest rate risk to profit or loss for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025 are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

(ii) Other price risk

The Group and Company is exposed to equity price risk through its equity instrument at FVTOCI and the money market funds measured at FVTPL.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the end of each reporting period.

The management of the Group considers that all of the equity instrument at FVTOCI and financial assets at FVTPL of the Group and the Company are categorized as Level 2 as at December 31, 2022, 2023 and 2024 and May 31, 2025.

If the prices of the equity instrument at FVTOCI had been 10% higher/lower, the Group and Company's other comprehensive income would increase/decrease by RMB 1,700,000, RMB 1,700,000, RMB1,700,000 (unaudited) and RMB1,700,000 for the years ended December 31, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively. The Group nor the Company was subject to other price risk from the equity instrument at FVTOCI for the year ended December 31, 2022.

If the prices of the financial assets at FVTPL had been 10% higher/lower, the Group's post-tax profit for the years ended December 31, 2022 and 2024 and the five months ended May 31, 2024 and 2025 would increase/decrease by RMB1,729,000, RMB19,971,000 RMB14,580,000 (unaudited) and RMB22,233,000, respectively, while the Company's post-tax profit for the years ended December 31, 2022 and 2024 and the five months ended May 31, 2024 and 2025 would increase/decrease by RMB1,729,000, RMB17,558,000, RMB14,580,000 (unaudited) and RMB20,240,000, respectively. The Group nor the Company was subject to other price risk from the financial instrument at FVTPL for the year ended December 31, 2023.

In the opinion of the directors of the Company, the sensitivity analysis above is unrepresentative for the other price risk as the exposure at the end of reporting period does not reflect the exposure during each reporting period.

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 trade and bills receivables, certain other receivables (including rental deposits), financial assets at FVTPL, restricted bank balances, short-term and long-term fixed deposits and cash and cash equivalents. The Group or the Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bill receivables is mitigated because settlement of certain bills receivables are backed by bills issued by reputable banks and financial institutions. Except for financial assets at FVTPL, the Group and the Company performed impairment assessment for financial assets and other items under ECL model.

The Group and Company manages the risk with respect to restricted bank deposit, short-term and long-term fixed deposits and bank balances by placing in or entered into the contract with the banks with high reputation only.

The Group and Company has policies in place to ensure that sales are made to reputable customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group and Company reviews regularly the authorisation of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of the business of sale of pharmaceutical products, the Group and Company normally grants credit periods from 15 to 90 days to reputable customers only and request for full payments upon deliveries of pharmaceutical products and service for other customers.

The Group and Company have receivables from different customers and other debtors operate in different geographic regions in the country and of different commercial scales. Thus, the Group and Company classified the above assets into below categories:

- Category 1: trade receivables and contract assets;
- Category 2: bill receivables; and
- Category 3: other receivables.

(i) Trade receivables and contract assets

The Group and Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics by reference to aging based on the dates of goods delivery.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer price index to be the most relevant factors for pharmaceutical customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as a net basis in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and contract assets under the simplified approach.

The Group and Company

	Lifetime ECL (not credit-impaired) *RMB'000*
As at January 1, 2022	(68)
– Impairment losses recognized	(193)
– Impairment losses reversed	65
As at December 31, 2022	(196)
– Impairment losses recognized	(667)
– Impairment losses reversed	193
As at December 31, 2023	(670)
– Impairment losses recognized	(498)
– Impairment losses reversed	590
– Write-offs	77
As at December 31, 2024	(501)
– Impairment losses recognized	(649)
– Impairment losses reversed	498
As at May 31, 2025	(652)

In the opinion of the management, there was no significant changes to the loss rates for each ageing category during the Track Record Period.

(ii) Bill receivables

The Group and the Company assesses the credit losses of bill receivables individually using three-stage approach. The credit risk of bill receivables is considered not significantly increased since initial recognition, and thus the impairment provision is determined as 12m ECL. As at December 31, 2022, 2023 and 2024 and May 31, 2025, insignificant balance, RMB278,000, RMB499,000 and RMB553,000, respectively, were provided as loss allowance for bill receivables.

(iii) Other receivables

The Group and the Company applies the IFRS 9 three-stage approach to measure ECL. Other receivables comprise rental deposits and others. Since the credit risk of other receivables is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12m ECL. As at December 31, 2022, 2023 and 2024 and May 31, 2025, balances of RMB82,000, RMB1,000, RMB1,000 and RMB1,000, respectively, were provided as loss allowance for other receivables.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	Amount is 30 days past due or more, or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	Amount is 90 days past due and there is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets and contract assets, which are subject to ECL assessment:

The Group

			As at December 31,						As at May 31,	
			2022		2023		2024		2025	
	Internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount *RMB'000*	Average loss rate	Gross carrying amount *RMB'000*	Average loss rate	Gross carrying amount *RMB'000*	Average loss rate	Gross carrying amount *RMB'000*
Trade receivables	Low risk	Lifetime ECL	5.01%	3,852	5.03%	10,504	4.52%	8,189	5.66%	11,047
Bill receivables	Low risk	12m ECL	–	2,375	2.81%	9,891	4.00%	12,488	5.00%	11,055
Other receivables	Low risk	12m ECL	4.09%	2,003	0.20%	512	0.18%	553	0.21%	478
Contract assets	Low risk	Lifetime ECL	5.08%	59	5.17%	2,749	4.72%	2,774	4.95%	545
Long-term fixed deposits	*(Note)*	12m ECL	–	–	–	–	–	30,890	–	31,250
Restricted bank balances	*(Note)*	12m ECL	–	–	–	51,056	–	7,078	–	5,506
Short-term fixed deposits	*(Note)*	12m ECL	–	120,354	–	20,274	–	–	–	15,044
Cash and cash equivalents	*(Note)*	12m ECL	–	171,477	–	254,324	–	38,282	–	46,259

Note: The counterparties are licensed banks with high credit ratings and the directors of the Company consider the risk of default on liquid funds is limited.

The Company

			As at December 31,						As at May 31,	
			2022		2023		2024		2025	
	Internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Average loss rate	Gross carrying amount	Average loss rate	Gross carrying amount	Average loss rate	Gross carrying amount
				RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Trade receivables	Low risk	Lifetime ECL	5.01%	3,852	5.03%	10,504	4.52%	8,189	5.01%	11,047
Bill receivables	Low risk	12m ECL	–	2,375	2.81%	9,891	4.00%	12,488	5.00%	11,055
Other receivables	Low risk	12m ECL	4.09%	2,003	0.20%	503	0.18%	553	0.21%	478
Contract assets	Low risk	Lifetime ECL	5.08%	59	5.17%	2,749	4.72%	2,774	4.95%	545
Amount due from a subsidiary	Low risk	12m ECL	–	1,000	–	10,132	–	165,901	–	181,845
Long-term fixed deposits	*(Note)*	12m ECL	–	–	–	–	–	30,890	–	31,250
Restricted bank balances	*(Note)*	12m ECL	–	–	–	–	–	–	–	–
Short-term fixed deposits	*(Note)*	12m ECL	–	120,354	–	20,274	–	–	–	15,044
Cash and cash equivalents	*(Note)*	12m ECL	–	169,045	–	220,885	–	36,063	–	44,441

Note: The counterparties are licensed banks with high credit ratings and the directors of the Company consider the risk of default on liquid funds is limited.

Liquidity risk

The management of the Group and the Company are satisfied that the Group and Company will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account the Group's and the Company's cash flow projection, and the Group's and the Company's future capital expenditure in respect of the non-cancellable capital commitments, the management considers that the Group and the Company have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of each reporting period.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows. The table includes both interest and principal cash flows, where applicable.

The Group

	Weighted average interest rate	On demand or within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2022							
Non-interest bearing							
Trade and other payables	–	33,076	–	–	–	33,076	33,076
Interest bearing							
Other borrowings	18.77%	55,830	10,777	32,429	29,159	128,195	84,394
Lease liabilities	4.90%	1,225	1,225	3,679	3,167	9,296	7,783
		57,055	12,002	36,108	32,326	137,491	92,177
Total		90,131	12,002	36,108	32,326	170,567	125,253
As at December 31, 2023							
Non-interest bearing							
Trade and other payables	–	93,336	–	–	–	93,336	93,336
Interest bearing							
Bank borrowing	2.20%	5,568	–	–	–	5,568	5,568
Other borrowings	18.77%	10,777	11,281	25,660	24,647	72,365	35,947
Lease liabilities	4.87%	1,818	1,818	4,270	1,942	9,848	8,575
		18,163	13,099	29,930	26,589	87,781	50,090
Total		111,499	13,099	29,930	26,589	181,117	143,426
As at December 31, 2024							
Non-interest bearing							
Trade and other payables	–	132,774	–	–	–	132,774	132,774
Interest bearing							
Bank borrowing	2.30%	18,049	–	–	–	18,049	17,831
Other borrowings	18.77%	10,777	11,281	19,362	20,481	61,901	31,916
Lease liabilities	4.87%	1,818	1,818	3,678	715	8,029	7,135
		30,644	13,099	23,040	21,196	87,979	56,882
Total		163,418	13,099	23,040	21,196	220,753	189,656

	Weighted average interest rate	On demand or within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at May 31, 2025							
Non-interest bearing							
Trade and other payables	–	129,527	–	–	–	129,527	129,527
Interest bearing							
Bank borrowings	2.60%	7,978	–	–	–	7,978	7,632
Other borrowings	18.77%	7,305	10,555	16,502	18,890	53,252	24,624
Lease liabilities	4.87%	1,818	1,571	3,678	205	7,272	6,514
		17,101	12,126	20,180	19,095	68,502	38,770
Total		146,628	12,126	20,180	19,095	198,029	168,297

The Company

	Weighted average interest rate	On demand or within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2022							
Non-interest bearing							
Trade and other payables	–	33,030	–	–	–	33,030	33,030
Interest bearing							
Other borrowings	18.77%	55,830	10,777	32,429	29,159	128,195	84,394
Lease liabilities	4.90%	1,225	1,225	3,679	3,167	9,296	7,783
		57,055	12,002	36,108	32,326	137,491	92,177
Total		90,085	12,002	36,108	32,326	170,521	125,207
As at December 31, 2023							
Non-interest bearing							
Trade and other payables	–	52,167	–	–	–	52,167	52,167
Interest bearing							
Bank borrowing	2.20%	5,568	–	–	–	5,568	5,568
Other borrowings	18.77%	10,777	11,281	25,660	24,647	72,365	35,947
Lease liabilities	4.87%	1,818	1,818	4,270	1,942	9,848	8,575
		18,163	13,099	29,930	26,589	87,781	50,090
Total		70,330	13,099	29,930	26,589	139,948	102,257

	Weighted average interest rate	On demand or within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024							
Non-interest bearing							
Trade and other payables	–	87,208	–	–	–	87,208	87,208
Interest bearing							
Bank borrowing	2.30%	18,049	–	–	–	18,049	17,831
Other borrowings	18.77%	10,777	11,281	19,362	20,481	61,901	31,916
Lease liabilities	4.87%	1,818	1,818	3,678	715	8,029	7,135
		30,644	13,099	23,040	21,196	87,979	56,882
Total		117,852	13,099	23,040	21,196	175,187	144,090
As at May 31, 2025							
Non-interest bearing							
Trade and other payables	–	96,723	–	–	–	96,723	96,723
Interest bearing							
Bank borrowings	2.60%	7,978	–	–	–	7,978	7,632
Other borrowings	18.77%	7,305	10,555	16,502	18,890	53,252	24,624
Lease liabilities	4.87%	1,818	1,571	3,678	205	7,272	6,514
		17,101	12,126	20,180	19,095	68,502	38,770
Total		113,824	12,126	20,180	19,095	165,225	135,493

(c) Fair value measurements of financial instruments

The management of the Group has 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 Group and Company

	Fair value					
	As at December 31,			As at May 31,		
Financial assets	2022	2023	2024	2025	Fair value hierarchy	Valuation technique(s) and key input(s)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Equity instrument at FVTOCI						
Unlisted equity securities	–	20,000	20,000	20,000	Level 2	December 31, 2023: Recent transaction; December 31, 2024 and May 31, 2025: Market approach. Valuation is derived by trending analyses of comparable companies
Financial assets at FVTPL						
Unlisted money market funds	20,337	–	The Group: 234,956, The Company: 206,570	The Group: 238,558, The Company: 215,120	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities and bonds) of the fund
Convertible notes	–	–	–	23,001	Level 2	Binomial valuation model. Key inputs to the model include coupon interest rate, conversion price of the financial instrument and expected volatility of the comparable companies

31. 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 as cash flows from financing activities.

	Bank and other borrowings *RMB'000*	**Lease liabilities** *RMB'000*	**Accrued issue cost** *RMB'000*	**Total** *RMB'000*
At January 1, 2022	83,304	8,611	–	91,915
Financing cash flows	(23,245)	(1,226)	–	(24,471)
Finance costs recognized *(note 6)*	24,335	398	–	24,733
At December 31, 2022	84,394	7,783	–	92,177
Financing cash flows	(50,263)	(1,226)	–	(51,489)
Finance costs recognized *(note 6)*	7,384	364	–	7,748
New lease entered	–	1,654	–	1,654
At December 31, 2023	41,515	8,575	–	50,090
Financing cash flows	1,390	(1,819)	(839)	(1,268)
Deferred issue cost	–	–	1,325	1,325
Finance costs recognized *(note 6)*	6,842	379	–	7,221
At December 31, 2024	49,747	7,135	486	57,368
Financing cash flows	(14,355)	(758)	(502)	(15,615)
Deferred issue cost	–	–	380	380
Finance costs recognized *(note 6)*	2,112	137	–	2,249
Change in the carrying amount of other borrowings measured at amortized cost	(5,248)	–	–	(5,248)
At May 31, 2025	32,256	6,514	364	39,134
(Unaudited)				
At January 1, 2024	41,515	8,575	–	50,090
Financing cash flows	(10,058)	(758)	–	(10,816)
Finance costs recognized *(note 6)*	2,810	166	–	2,976
At May 31, 2024	34,267	7,983	–	42,250

32. RELATED PARTY DISCLOSURES

(a) Related party transactions

The Group and the Company have following transactions with related parties:

Related party	Nature of transactions	For the year ended December 31,			For the five months ended May 31,	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
萊必宜科技(廈門)有限責任公司 Laibiyi Technology (Xiamen) Co., Ltd.* *(Note i)*	Fee paid for research services	6,452	–	–	–	–
福州閩諾檢測科技有限公司 (Fuzhou Minnuo Testing Technology Co., Ltd.*) *(Note ii)*	Fee paid for testing services	106	–	–	–	–
Dr. Kang Xinshan *(Note iii)*	Interest income from advances to a director of the Company	67	–	–	–	–

* *for identification purpose only*

Notes:

(i) Ms. Feng Yan was the chairwoman of the board of directors of Laibiyi Technology (Xiamen) Co., Ltd. up to June 2022 and serves as a consultant since July 2022.

(ii) Fuzhou Minnuo Testing Technology Co., Ltd is indirectly controlled by Mr. Yang Jianwei, who was a supervisor of the Company and ceased to assume any roles in the Group since November 2022.

(iii) In February 2022, the Group made advances to Dr. Kang Xinshan in the total principal amounts of RMB3,283,000. The loans bore interest at 4.35% per annum and were fully repaid in July 2022.

Save as disclosed above, as set out in the "History, Development and Corporate Structure" section of the Prospectus, prior to the Track Record Period, certain shareholders of the Company were granted with certain special rights, which were subsequently cancelled during 2023. Among these special rights, the redemption right granted to these shareholders for redemption of their relevant shares under some pre-determined conditions were borne by Dr. Kang Xinshan and the Group was not obliged to such liability. Accordingly, the relevant investments from these shareholders were accounted for as equity instruments, and no redemption liability was recognized by the Group as at January 1, 2022, December 31, 2022 or prior to the cancellation during 2023. No consideration has been paid or borne by the Group to Dr. Kang Xinshan for the performance of such redemption obligations prior to their cancellation.

(b) Compensation of key management personnel

The remuneration of directors, supervisors and other members of key management including chief executive of the Company during the Track Record Period was as follow:

	Year ended December 31,			Five months ended May 31,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	30	–	150
Salaries, wages and allowances	2,793	3,159	3,438	1,305	1,636
Performance-related bonuses	716	973	972	76	61
Retirement benefits	61	58	47	19	18
	3,570	4,190	4,487	1,400	1,865

The remuneration of key management personnel is determined with reference to the performance of the individuals and the market trends.

33. EVENTS AFTER REPORTING PERIOD

No significant events have taken place subsequent to May 31, 2025.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, its subsidiary or the Group have been prepared in respect of any period subsequent to May 31, 2025.

The information set out in this appendix does not form part of the Accountants' Report on the historical financial information of the Group prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I, to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company at May 31, 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group 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 had the Global Offering been completed at May 31, 2025 or at any future dates.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 as set forth in the Accountants' Report contained in Appendix I to this prospectus, and adjusted as described below.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 *RMB'000 (note 1)*	**Estimated net proceeds from the Global Offering** *RMB'000 (note 2)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025** *RMB'000*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 per Share** *RMB (note 3)*	*HK$ (note 4)*
Based on an Offer Price of HK$69.88 per Offer Share	631,536	700,075	1,331,611	16.92	18.53
Based on an Offer Price of HK$86.40 per Offer Share	631,536	868,304	1,499,840	19.06	20.87

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 is extracted from the Accountants' Report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 11,500,000 new Offer Shares to be issued at the Offer Price of HK$69.88 and HK$86.40 per Offer Share, being the low end and high end of the indicated Offer Price range respectively, after deduction of the estimated underwriting fees and commissions and other listing related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss up to May 31, 2025).

   For the purpose of calculating, the estimated net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at an exchange rate of HK$1.0953 to RMB1.00, which was the exchange rate prevailing on September 30, 2025 with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

3. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on 78,707,270 Shares were in issue assuming the Global Offering had been completed on May 31, 2025. It does not take into account any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from Renminbi to Hong Kong dollars at the rate of RMB1 to HK$1.0953, which was the exchange rate prevailing on September 30, 2025 with reference to the rate published by the People's Bank of China. No representation is made that the Renminbi amounts have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2025 to reflect any operating result or other transactions of the Group entered into subsequent to May 31, 2025.

6. By comparing the valuation of the Group's property interest as at August 31, 2025 as set out in Appendix III to this prospectus, the net valuation surplus of these properties is approximately RMB18,847,000, which has not been included in the above unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company. Such net valuation surplus will not be incorporated in the Group's financial statements in the future. If the revaluation surplus is to be included in the Group's consolidated financial statements, no additional depreciation charge would be recorded as this property interest is classified as construction in progress, which is not subject to depreciation.

B. REPORTING ACCOUNTANTS' REPORTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Fujian Haixi Pharmaceuticals Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Fujian Haixi Pharmaceuticals Co., Ltd (the "**Company**") and its subsidiary (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at May 31, 2025 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated October 9, 2025 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at May 31, 2025 as if the proposed Global Offering (as defined in the Prospectus) had taken place at May 31, 2025. As part of this process, information about the Group's historical financial information for each of the three years ended December 31, 2024 and the five months ended May 31, 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at May 31, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
October 9, 2025

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at August 31, 2025 of the property interests held by the Group.

AVISTA Valuation Advisory
艾華迪評估諮詢

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

TEL：+852 3702 7338 FAX ：+852 3914 6388
info@avaval.com
www.avaval.com

October 9, 2025

The Board of Directors
Fujian Haixi Pharmaceuticals Co., Ltd. (福建海西新藥創制股份有限公司)
Floor 3 & 4, Block B, No. 177 Jinda Road, Jianxin Town,
Cangshan District, Fuzhou, Fujian Province, the PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Fujian Haixi Pharmaceuticals Co., Ltd. (福建海西新藥創制股份有限公司) (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out the valuation of the property interests (the "**Property**") located in the People's Republic of China (the "**PRC**") held by the Group, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at August 31, 2025 (the "**Valuation Date**").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the Property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the RICS Valuation — Global Standards 2024 published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the Property in the PRC, we have relied on the advice given by the Group and its legal advisors, being Jingtian & Gongcheng (北京市競天公誠律師事務所, "**Jingtian & Gongcheng**") and Beijing DeHeng Law Offices (北京德恒律師事務所, "**DeHeng**") (hereinafter together referred to as the "**PRC Legal Advisors**"), regarding the title to the Property.

In valuing the Property, we have relied on a legal opinion regarding the Property provided by the PRC Legal Advisors dated October 9, 2025 (the "**PRC Legal Opinion**"). Unless otherwise stated, the Group has legally obtained the land use rights of the Property.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

In valuing the Property, where the corresponding property was under construction as at the Valuation Date, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of values, we have adopted the comparison approach by making references to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the Valuation Date and the remainder of the cost and fees expected to be incurred for completing the developments. We have relied on the accrued construction cost and professional fees information provided by the Group for the different stages of construction of the subject property as at the Valuation Date, and we did not find any material inconsistency from those of other similar developments.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property in the PRC. Where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrance that might be attached to the Property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion given by the PRC Legal Advisors, concerning the validity of the title of the Property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject property. The site inspection was carried out on November 13, 2024 by Bobby Chan (Assistant Manager). He is a chartered surveyor and has more than 5 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the property is free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or the PRC Legal Advisors or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

SUMMARY OF VALUES

Property interests held for development by the Company in the PRC

No.	Property	Market value in existing state as at August 31, 2025 *RMB*	Interest Attributable to the Company	Market value Attributable to the Company as at August 31, 2025 *RMB*
1.	South Side of Jinbin Road, East Side of Zezhu Road, Changle District, Fuzhou City, Fujian Province, the PRC (中國福建省福州市長樂區金濱路南側、澤竹路東側)	225,580,000	100%	225,580,000

VALUATION CERTIFICATE

Property interests held for development by the Company in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at August 31, 2025 *RMB*
1.	South Side of Jinbin Road, East Side of Zezhu Road, Changle District, Fuzhou City, Fujian Province, the PRC (中國福建省福州市長樂區金濱路南側、澤竹路東側)	The property comprises a parcel of land with a site area of approximately 56,352.00 sq.m. which is being developed into an industrial development with a total planned gross floor area of approximately 90,102.11 sq.m. As at the Valuation Date, portions of the property were under development and were scheduled to be completed in September 2025 (the "**Phase 1 Development**"). Upon completion, the Phase 1 Development will have a total planned gross floor area of approximately 51,552.56 sq.m. As advised by the Group, the total construction cost of the Phase 1 Development was estimated to be approximately RMB205,090,285 of which RMB203,929,866 had been paid as at the Valuation Date. The remaining portions of the property were a parcel of vacant land held for future development (the "**Development Land**"). Upon completion, the Development Land will have a total planned gross floor area of approximately 38,549.55 sq.m. As at the Valuation Date, no construction works have been commenced on the Development Land. The property is located in Changle District, Fuzhou City, with approximately 7.3 km to Changle East Railway Station and 16.4 km to Fuzhou Changle International Airport. The land use rights of the property have been granted for a term expiring on January 15, 2073 for industrial use.	As at the Valuation Date, the Phase 1 Development was under construction, and the Development Land was vacant land held for future development.	225,580,000 (100% interest attributable to the Company: 225,580,000)

Notes:

1. Pursuant to a Land Use Rights Grant Contract — No. 350182202221027G023 dated October 27, 2022 between Fuzhou Bureau of Natural Resources and Planning (福州市長樂區自然資源和規劃局) and Haixi New Drug Creation (Fuzhou) Co., Ltd. (海西新藥創制(福州)有限公司, "**Haixi New Drug**"), in which the Company holds a direct ownership stake of 100%, the land use rights of a parcel of land with a site area of approximately 56,352.00 sq.m. have been granted to Haixi New Drug for a term of 50 years for industrial use at a total land premium of approximately RMB26,100,000.

   As revealed from the aforesaid contract, the property is subject to the following material development conditions:

Permitted Use	:	Industrial
Plot Ratio	:	≥ 1.3 and ≤ 2.0
Height Restriction	:	≤ 50m
Greening Rate	:	≥ 15% and ≤ 20%

2. Pursuant to a Real Estate Ownership Certificate (for land) — Min (2023) Chang Le Qu Bu Dong Chan Quan Di No. 0002778 issued by the Fuzhou Bureau of Natural Resources and Planning, the land use rights of the property with a total site area of approximately 56,352.00 sq.m. have been granted to Haixi New Drug, for a term expiring on January 15, 2073 for industrial use.

3. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350182202300004, permission for the planning of a land parcel with a total site area of approximately 56,352.00 sq.m. has been granted to Haixi New Drug.

4. Pursuant to a Construction Works Planning Permit — Jian Zi Di No. 350182202300077 in favour of Haixi New Drug, the construction work of the portion of the Development with a total gross floor area of approximately 61,713.13 sq.m. has been approved for construction.

   As confirmed by the Group, the property comprises a portion of the abovementioned permit.

5. Pursuant to a Construction Work Commencement Permit — No. 350112202306160101, in favour of Haixi New Drug, permission has been given by the relevant local authority to commence the construction work of the portion of the Development with a total gross floor area of approximately 61,713.13 sq.m.

   As confirmed by the Group, the property comprises a portion of the abovementioned permit.

6. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following: —

   a. Haixi New Drug has fully settled all land premium and legally and validly obtained the land use rights of the property under the terms of the Real Estate Ownership Certificate (for land); and

   b. The land use rights of the property have not been pledged, mortgaged or seized.

7. Our valuation has been made on the following basis and analysis:

   In our valuation of the land use rights, we have considered and analyzed 4 land sale comparables in the vicinity. The site values of the land sales range from RMB525 to RMB528 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

   Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The adjusted replacement cost for industrial buildings ranges from RMB2,680 per sq.m. to RMB4,790 per sq.m. The replacement cost adopted in the valuation is consistent with the findings of our research.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Overview" in this prospectus.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorization of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by SCNPC, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the PRC Constitution or the PRC Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2023 revision) (《中華人民共和國民事訴訟法(2023年修訂)》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that such choice shall not violate the requirements of the level of jurisdiction and exclusive jurisdiction.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination

according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

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

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

THE COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which was incorporated in the PRC and seeking a listing on the HKSE is mainly subject to the following three laws and regulations in the PRC:

The Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**") which was promulgated by the 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, December 28, 2013 and October 26, 2018 respectively and the latest revision of which was implemented on December 29, 2023.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines were promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023. The Overseas Listing Trial Measures were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

Set out below is a summary of the major provisions of the Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the company's articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or floatation. A company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a Supervisory Committee shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business license has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Trial Administrative Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

To offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilizing the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and

(vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorization by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

Pursuant to the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the Senior Executives of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the Senior Executives.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the Supervisory Committee and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the Supervisory Committee or supervisors;

(iv) to review and approve the company's annual financial budgets and final accounts plan;

(v) to review and approve the company's profit distribution proposals and loss recovery proposals;

(vi) to decide on any increase or reduction of the company's registered capital;

(vii) to decide on the issue of corporate bonds;

(viii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(ix) to amend the company's articles of association; and

(x) to exercise any other authority stipulated in the articles of association.

The general meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law, a shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems necessary;

(v) the Supervisory Committee so proposes; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the Supervisory Committee shall convene and preside over such meeting in a timely manner. If the Supervisory Committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregately holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the Supervisory Committee shall, within ten days after receipt of such request, decide whether to convene the extraordinary general meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Pursuant to the PRC Company Law, shareholders (excluding classified shareholders) present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorization.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the Supervisory Committee has been established and already included the staff representative supervisor. The term of a

director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system; and

(x) to exercise any other authority stipulated in the articles of association.

Any restrictions on the powers of the board of directors set out in the articles of association may not be claimed against any bona fide third party.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the Supervisory Committee. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine

the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have passed since the expiration of the probation period;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order to close down; or

(v) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Supervisory Committee

Pursuant to the PRC Company Law, a joint stock limited company shall have a Supervisory Committee composed of not less than three members. The Supervisory Committee shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the Supervisory Committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The Supervisory Committee shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Supervisory Committee shall be elected by more than half of the supervisors. Directors and Senior Executives shall not act concurrently as supervisors.

The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings. Where the chairman of the Supervisory Committee is incapable of performing or is not performing his/her duties, the vice chairman of the Supervisory Committee shall convene and preside over supervisory board meetings. Where the vice chairman of the Supervisory Committee is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over meetings of the Supervisory Committee.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The Supervisory Committee may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the directors and Senior Executives in their performance of their duties and to propose the removal of directors and Senior Executives who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of directors or Senior Executives are detrimental to the company's interests, to require the director and Senior Executives to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and Senior Executives pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The Supervisory Committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Executives

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Pursuant to the PRC Company Law, Senior Executives refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Executives

Directors, supervisors and Senior Executives are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the company. Where the controlling shareholder or actual controller of the company who does not serve as a director but actually attends to the company's affairs, shall comply with the foregoing provisions.

Directors, supervisors and Senior Executives are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors, supervisors and Senior Executives are prohibited from:

(i) seizing the assets of the company or misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) taking advantage of power to accept bribes or other illegal income;

(iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(v) unauthorized divulgence of confidential information of the company; and

(vi) other acts in violation of their duty of loyalty to the company.

Where directors, supervisors and Senior Executives directly or indirectly conclude any contract or engage in transactions with the company, they shall report to the board of directors or the shareholders' general meeting and seek approval by resolutions of the board of directors or the shareholders' general meeting in accordance with the articles of association. The requirement shall also apply to the conclusion of contracts or engagement in transactions by close relatives of the directors, supervisors and Senior Executives or enterprises directly or indirectly controlled by close relatives of the directors, supervisors and Senior Executives as well as persons who are otherwise related to the directors, supervisors and Senior Executives.

Directors, supervisors and Senior Executives shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to the company, unless such act has been reported to and approved by the board of directors or the shareholders' general meeting in accordance with the articles of association or the company is unable to take the business opportunity in accordance with applicable laws, administrative regulations, and the articles of association.

Directors, supervisors and Senior Executives shall not engage in the business similar to those of the company for themselves or others, unless such act has been reported to and approved by the board of directors or the shareholders' general meeting in accordance with the articles of association.

Income generated by directors or Senior Executives in violation of aforementioned shall be returned to the company.

A director, supervisor or Senior Executives who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and Senior Executives shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the Senior Executives shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the Senior Executives shall provide accurate information and materials to the Supervisory Committee and shall not interfere with the performance of duties by the Supervisory Committee or individual supervisors; both the directors and the Senior Executives shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. Where any losses need to be covered with reserve fund of the company, discretionary reserve fund and statutory common reserve fund shall first be used and if still insufficient, capital reserve fund can be used in accordance with applicable provisions. Upon the transfer of the statutory common reserve fund into increasing capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's capital shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board of directors or the Supervisory Committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other

accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' general meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests. On the occurrence of the abovementioned events, the company shall make an announcement on the National Enterprise Credit Information Publicity System within ten days.

In the event of paragraphs (i) and (ii) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, the liquidation procedures shall be conducted and directors shall be the company's liquidation obligor and it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The liquidation committee shall be composed of directors or any other persons determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period or the liquidation fails to effect after the establishment of a liquidation committee, the interested party may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any outstanding tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to distribute the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Trial Administrative Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Demerger

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be in the press or on the National Enterprise Credit Information Publicity System within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

Where a company merges with another company in which the former holds not less than 90% of the shares, the acquired company is not required to obtain approval by resolution of its shareholders' general meeting, but shall notify the other shareholders who have the right to request the company to buy its equities or shares as a reasonable price. If the price paid for a company's merger does not exceed 10% of the company's net assets, approval by resolution of its shareholder's meeting may not be required unless otherwise provided by the company's articles of association. Where a company's merger is exempt from approval by resolution of the shareholders' general meeting in the previous two cases, it shall be subject to approval by resolution of the board of directors.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement shall be made in the press or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC

or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

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. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that 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.

On November 14, 2019, CSRC promulgated the Guidance for the Application for the "Full Circulation" of the Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請「全流通」業務指引》), which came into effect on the same day and further amended on August 10, 2023. This guideline is to regulate the listing and circulation (hereinafter referred to as "**Full Circulation**") of unlisted domestic shares of domestic joint-stock limited companies (hereinafter referred to as H-share Companies) listed on the Stock Exchange (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares issued in China after overseas listing and unlisted shares held by foreign shareholders).

H-share Companies applying for "Full Circulation" shall submit the application to the CSRC for approval in accordance with the administrative approval procedure of Examination and Approval of Overseas Public Offering and Listing (Including Additional Issuance) of Joint Stock Limited Companies. H-share companies may submit the application for "Full Circulation" separately or simultaneously when applying for

overseas refinancing. Unlisted domestic joint stock limited companies may submit the application for "Full Circulation" simultaneously when applying for overseas initial public offering and listing.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. According to the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration Center ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015 and further amended on September 2, 2023, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, based on an agreement of the parties, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin, Chongqing, Zhejiang, Hubei, Fujian, Shanxi, Jiangsu, Sichuan and Shandong.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body maybe recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The above arrangement has been amended by the Supplementary Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which adopted by the Supreme People's Court and became effective on November 27, 2020 and further amended on May 18, 2021. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

TAXATION FOR HOLDERS OF SECURITIES

Income tax and capital gains tax of holders of the H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws and policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital gain tax and profits tax, business tax/VAT, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the H Shares.

THE PRC TAXATION

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (hereinafter referred to as the "**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income** (《對所得避免雙重徵税和防止偷漏税的安排》)") signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the

total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家税務總局關於〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》) (the "**Fifth Protocol** (《第五協議書》)") issued by the SAT and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019 (hereinafter collectively referred to as the "**EIT Law**"), a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. Non-PRC resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol (《第五協議書》) provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Although there may be other provisions under the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), which was implemented on May 1, 2016 and partially repealed on July 1, 2017, January 1, 2018 and April 1, 2019, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside the PRC, the holder is not necessarily required to pay

the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT.

However, in view of no clear regulations, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which shall be usually subject to 12% of the VAT payable (if any).

Income Tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law.

However, on December 31, 2009, the Ministry of Finance, SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

EIT

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "an enterprise" or "enterprises") within the territory of the PRC are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

VAT

Pursuant to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and revised on November 10, 2008, February 6, 2016 and November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) issued on December 25, 1993 by the MOF, came into effect on the same day and revised on December 15, 2008 and October 28, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the SAT issued the Notice of on Adjusting VAT Rates (《財政部、國家税務總局關於調整增值税税率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《財政部、國家税務總局關於深化增值税改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains Tax and Profits Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in the PRC shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

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 and implemented 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 prospectus and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《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》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions.

The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations. The Circular on Issues Concerning the Administration of Foreign Exchange in Offshore Investments and Financing and Return Investments by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**") was promulgated and implemented by the SAFE on July 4, 2014. According to Circular 37, domestic residents, individuals and entities shall apply to the SAFE for registration of foreign exchange for offshore investment before making contributions to special purpose vehicles with domestic and overseas legal assets or equities. In addition, any domestic resident who is a shareholder of an overseas special purpose vehicle shall complete the registration formality of foreign exchange alteration for offshore investment with the SAFE in a timely manner in the event of any change of significant matters of such overseas special purpose vehicle such as capital increase/decrease, equity transfer or swap, merge and spin-off.

The subsequent foreign exchange business (including remittance of profits and dividend) of a domestic resident who fails to comply with the registration requirements as set out in Circular 37 may be restricted. Domestic residents that have made contributions to special purpose vehicles with domestic and overseas legal assets or equities without the required registration of foreign exchange for offshore investment prior to the implementation of Circular 37 shall issue a letter of explanation to the SAFE containing specific reasons. The SAFE shall make a post-registration following the principles of legality and rationality and impose administrative penalties in case of suspected violation of the Regulations on Foreign Exchange Control of the PRC. According to 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》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks and the foreign exchange authorities shall indirectly regulate the foreign exchange registration of direct investment through banks. The banks that have obtained financial institution identification codes from foreign exchange authorities and have connected to the Capital Account Information System with the local foreign exchange authorities may directly handle the registration under Circular 37.

The Articles of Association is considered and approved at the general meeting of the Company, which shall come into effective and be implemented upon the initial public offering of the overseas-listed foreign shares of the Company and from the date of its listing and trading on the Hong Kong Stock Exchange.

GENERAL PROVISIONS

The Company is a joint stock company with perpetual existence.

All assets of the Company shall be divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they subscribed for. The Company shall be liable for its debts to the extent of all of its assets.

From the effective date of the Articles of Association, the Articles of Association shall be a legally binding document which regulates the Company's organization and acts, governs the rights and obligations between the Company and the shareholders, and amongst the shareholders themselves, and shall be a legally binding document governing on the Company, its shareholders, directors, supervisors, and senior management. Pursuant to the Articles of Association, a shareholder may take legal actions against the other shareholders; a shareholder may take legal actions against the Company's directors, supervisors and senior management; a shareholder may take legal actions against the Company; and the Company may take legal actions against its shareholders, directors, supervisors and senior management.

SHARES

Issuance of Shares

The shares of the Company shall take the form of share certificates

The shares of the Company shall be issued in accordance with the principles of openness, fairness and impartiality. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares he/she subscribes for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Capital Increase

The Company may, based on its operational and developmental needs, increase its capital in accordance with applicable laws, administrative regulations, and subject to a resolution of the general meeting, by any of the following methods:

i. a public offering of shares;

ii. a non-public offering of shares;

iii. allotment bonus shares to existing shareholders;

iv. conversion of common reserve funds to share capital;

v. other methods permitted by the laws, administrative regulations as well as the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

Capital Reduction

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company shall not acquire its shares, except under one of the following circumstances:

i. reducing the registered capital of the Company;

ii. merging with other companies that hold shares in the Company;

iii. using the shares for employee shareholding schemes or as share incentives;

iv. acquiring the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;

v. using the shares to satisfy the conversion of those corporate bonds convertible into share certificates issued by the Company;

vi. safeguarding corporate value and shareholders' equity as the Company deems necessary.

The Company may acquire its own shares through public and centralized trading or other ways specified by the laws, administrative regulations, and the CSRC and in accordance with applicable laws, administrative regulations and departmental rules.

In the event that the Company acquires its own shares under the circumstances set forth in (I) and (II) above, this shall be resolved at a general meeting of shareholders; in the event that the Company acquires its own shares under the circumstances set forth in (III), (V) and (VI) above, this shall be resolved at a board meeting with more than two-thirds of directors present.

After the Company acquires its own shares, under the circumstance in (I) above, the shares so acquired shall be cancelled within 10 days from the date of acquisition. In the case of (II) or (IV) above, the shares so acquired shall be transferred or cancelled within 6 months.

In the event that the Company acquires its own shares under the circumstances set forth in (III), (V) or (VI) above, the shares so acquired shall not exceed 10% of the total issued shares of the Company, and they shall be transferred or cancelled within 3 years.

Transfer of Shares

The shares of the Company may be transferred in accordance with the laws.

The Company shall not accept any of its own shares as the subject of pledges.

Shares issued prior to the Company's public offering of shares shall not be transferred for a period of 1 year from the date of listing and trading of the Company's shares on the stock exchange.

The directors, supervisors and senior management of the Company shall declare to the Company the numbers of the shares of the Company held by them and the changes thereof and shall not transfer in a given year during their terms of office determined at the time of their assumption of office more than 25% of the total number of shares of the Company they hold. The shares of the Company held by the said person shall not be transferred within 1 year from the date of listing and trading of the Company's shares. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within 6 months from his/her termination of the office.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall establish a register of shareholders based on the requirements as stipulated by the Company Law, the securities regulatory rules of the place where the Company's shares are listed, other relevant regulations and the Articles of Association. The register of shareholders shall be the sufficient evidence of the shareholders' shareholding in the Company.

A shareholder is entitled to rights and assumes obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

When the Company convenes the general meeting, distributes dividends, goes into liquidation or is involved in other actions that require the confirmation of the shareholders' identities, the Board or the convener of the general meeting shall determine a record date of shareholdings, and the shareholders whose names are registered on the register of shareholders at closing on the record date of shareholdings shall be the shareholders entitled to the relevant interests.

The shareholders of the Company shall be entitled to the following rights:

i. to receive distribution of dividends and other forms of benefits in proportion according to the number of shares held;

ii. to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the general meeting and exercise corresponding right to speak and voting right;

iii. to supervise the business operations of the Company, put forward proposals or raise enquiries;

iv. to transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations, other relevant regulations and the Articles of Association;

v. to inspect the Articles of Association, register of shareholders, corporate bond stubs, minutes of general meetings, resolutions of the Board meetings, resolutions of meetings of the supervisory committee and financial accounting reports;

vi. in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;

vii. with respect to shareholders who voted against any resolution adopted at any general meetings on the merger or division of the Company, to request the Company to buy back the shares held by them;

viii. other rights as stipulated by the laws, administrative regulations, departmental rules, or the Articles of Association.

Where the content of a resolution of the general meeting or the meeting of the Board of the Company violates laws or administrative regulations, the shareholders shall be entitled to request the People's Court to hold it invalid.

If the convening procedure or voting method of a general meeting or board meeting violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall be entitled to request the People's Court to revoke the resolution within 60 days from the date it was made, except for those with only minor defects in the convening procedure or voting method of the Board meetings and those without material impact on resolutions.

Shareholders who have not been notified to attend the general meeting may apply to the People's Court for revocation within sixty days from the date they knew or should have known of the passing of the resolution of the general meeting; if the right to revoke is not exercised within one year from the date the resolution is made, the right to revoke shall be extinguished.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the directors or senior management when performing their duties in the Company, the shareholders holding 1% or more shares of the Company separately or jointly for over 180 consecutive days may submit a written request to the supervisory committee to file an action with the People's Court. Where supervisors violate any laws, administrative regulations or the Articles of Association in their performance of duties and cause losses to the Company, the aforesaid shareholders may submit a written request to the Board to file an action with the People's Court.

In the event that the supervisory committee or the Board refuses to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fails to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph may, in their own name, directly file an action with the People's Court for the interests of the Company.

In the event that any person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified in paragraph 1 of this Article may file an action with the People's Court pursuant to the provisions of the preceding two paragraphs.

Where the directors or senior management violate any laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may file an action with the People's Court.

The shareholders of the Company shall have the following obligations:

i. to comply with the laws, administrative regulations, and the Articles of Association;

ii. to pay subscription monies according to the number of shares subscribed and the method of subscription;

iii. not to withdraw shares unless required by the laws and regulations;

iv. not to abuse their shareholders' rights to harm the legitimate interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the legitimate interests of any creditor of the Company;

v. any other obligations imposed by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where shareholders of the Company who abuse their shareholders' rights and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the law; where shareholders of the Company who abuse the independent legal person status of the Company and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

If shareholders conduct any action stipulated in the preceding paragraph by using two or more companies controlled by him/her, each of the company shall assume joint and several liability for any one of the company's debts.

Where a shareholder holding 5% or more of the voting shares of the Company pledges any shares in his/her possession, he/she shall make a written report to the Company on the day on which he/she pledges his/her shares.

Restriction on Rights of the Controlling Shareholders

The controlling shareholders, de facto controllers, directors shall not use their connections to harm the interests of the Company. Any person who violates this provision and causes losses to the Company shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and the public shareholders of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws. The controlling shareholders shall not infringe the legitimate rights and interests of the Company and the public shareholders of the Company through profit distribution, asset restructuring, foreign investment, capital appropriation and loan guarantee, and shall not make use of their controlling status to jeopardize the interests of the Company and the public shareholders of the Company.

General Rules of the General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

i. to elect and replace directors and supervisors and decide on matters relating to the remuneration of directors and supervisors;

ii. to consider and approve reports of the Board;

iii. to consider and approve reports of the supervisory committee;

iv. to consider and approve profit distribution plans and loss recovery plans of the Company;

v. to decide on any increase or reduction of the registered capital of the Company;

vi. to decide on the issuance of corporate bonds;

vii. to decide on merger, division, dissolution, liquidation and change of form of the Company;

viii. to amend the Articles of Association;

ix. to decide on the engagement or dismissal of the accounting firm of the Company;

x. to consider and approve the guarantees as provided below;

xi. to consider the purchase or disposal of substantial assets of the Company with an amount exceeding 30% of the latest audited total assets of the Company within one year;

xii. to consider the change of the use of proceeds;

xiii. to consider using the shares for employee shareholding schemes or as share incentives;

xiv. to consider other matters which are required to be determined at the general meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) or the Articles of Association.

The following external guarantee offered by the Company shall be considered and approved by a general meeting after considering and approving by a meeting of the Board of Directors of the Company:

i. guarantee provided by the Company or its majority-owned subsidiary with a guaranteed amount exceeding 50% of the latest audited total assets of the Company within one year;

ii. guarantee provided after the total amount of the company's external guarantees exceeds 30% of the audited total assets of the latest period;

iii. guarantee where the guaranteed amount within one year exceeds 30% of the company's audited total assets of the latest period;

iv. guarantee provided for the guaranteed party whose asset-liability ratio exceeds 70%;

v. guarantee where the amount of a single guarantee exceeds 10% of the audited net assets of the latest period;

vi. guarantee provided to shareholders, de facto controllers and their connected parties.

General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be held once every year and within 6 months from the close of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within 2 months upon the occurrence of the following events:

i. the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number as specified in the Articles of Association;

ii. the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

iii. on request by the shareholder(s) individually or collectively holding 10% or more of the voting shares of the Company;

iv. when the Board considers it is necessary;

v. when the supervisory committee proposes to convene;

vi. other circumstances as stipulated by the laws, administrative regulations departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of General Meetings

General meetings shall be called by the Board in accordance with the laws.

The independent non-executive directors shall have the right to propose to the Board to convene an extraordinary general meeting. In response to a proposal by an independent non-executive director to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal. Where the Board agrees to convene the extraordinary general meeting, a convening notice will be issued within 5 days after the resolution of the Board is made; where the Board disagrees to convene the extraordinary general meeting, reasons shall be specified.

The supervisory committee shall have the right to propose to the Board to convene an extraordinary general meeting and such proposal shall be made to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

Where the Board agrees to convene the extraordinary general meeting, a convening notice will be issued within 5 days after the resolution of the Board is made, and the changes made to the original proposal in the notice shall be approved by the supervisory committee.

Where the Board disagrees to convene the extraordinary general meeting, or fails to reply within 10 days upon the receipt of such proposal, the Board will be deemed as not being able to perform or not to perform its duty to convene a general meeting, and the supervisory committee may convene and preside over such meeting on their own.

The shareholder(s) severally or jointly holding 10% or more of the voting shares of the Company shall have the right to propose to the Board to convene an extraordinary general meeting and such proposal shall be made to the Board in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written response as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal.

Where the Board agrees to convene the extraordinary general meeting, a convening notice shall be issued within 5 days after the resolution of the Board is made, and the changes made to the original proposal in the notice shall be approved by the relevant shareholders.

Where the Board disagrees to convene the extraordinary general meeting, or fails to reply within 10 days upon receipt of such proposal, the shareholder(s) individually or collectively holding 10% or more of the voting shares of the Company shall have the right to propose to the supervisory committee to convene an extraordinary general meeting and such proposal shall be made to the supervisory committee in writing.

Where the supervisory committee agrees to convene the extraordinary general meeting, a convening notice shall be issued within 5 days upon receipt of the proposal, and the changes made to the original proposal in the notice shall be approved by the relevant shareholders.

Where the supervisory committee fails to issue the notice of the general meeting within the prescribed period, the supervisory committee will be deemed as not being able to convene or not to preside over the general meeting, and the shareholder(s) individually or collectively holding 10% or more of the voting shares of the Company for 90 or more consecutive days may convene and preside over such meeting on their own.

Notices of General Meetings

The convener shall notify all shareholders by written notice (including announcement) no later than 21 days prior to the date of convening the annual general meeting and no later than 15 days prior to the date of convening the extraordinary general meeting. If the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) have any other provisions, such provisions shall prevail.

Proposals of General Meetings

The Board, the supervisory committee, and shareholder(s) severally or jointly holding more than 1% of the voting shares of the Company shall have the right to make a proposal to the Company at a general meeting of the Company.

The shareholder(s) severally or jointly holding more than 1% of the voting shares of the Company may make provisional proposals in writing to the convener of a general meeting 10 days prior to such meeting. The convener shall issue a supplementary notice of the general meeting and announce the contents of such provisional proposals within 2 days upon receipt thereof, unless the provisional proposal does not comply with the Articles of Association.

Except as provided by the preceding paragraph and laws, administrative regulations, the convener of a general meeting shall not amend the proposals already specified in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

Proposals which are not specified in the notice of the general meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the general meeting.

Holding of General Meetings

All shareholders or their proxies recorded in the register on the record date shall have the right to attend general meetings, and they are entitled to speak and vote at general meetings in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. Shareholders may attend general meetings in person or appoint their proxies to attend, speak and vote on their behalf. A proxy does not need to be a shareholder of the Company. Shareholders shall have the right to speak and vote at general meetings, unless individual shareholders are required by the securities regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) to abstain from voting on specific matters.

Individual shareholders attending the meeting in person shall present his/her identification card or other valid documents or proof of his/her identification and certificate of shareholding. In the case of attendance by proxies, they shall present his/her valid identification documents and the proxy forms from the shareholders.

Legal person shareholders or other institutional shareholders shall be represented at the meeting by their legal representatives/executive partners or proxies appointed by the legal representatives/executive partners. In the case of attendance by legal representatives/executive partners, they shall present their identity cards, valid proof of their capacities as legal representatives/executive partners; in the case of attendance by proxies, they shall present their identity cards and written authorization letters issued by such legal representatives/executive partners of the legal person shareholders or institutional shareholders.

If the shareholder is a recognized clearing house (or its proxy) as defined in the relevant ordinances promulgated in Hong Kong from time to time, the shareholder may authorize one or more persons as he/she thinks fit to act as his/her proxy or representative(s) at any general meeting (and/or any meeting of creditors). However, if more than one person is authorized, the power of attorney shall state the number and class of shares in respect of which each such person is authorized and shall be signed by the authorized officer of a recognized clearing house. A person so authorized is entitled to attend meetings and exercise the rights (including the right to speak and vote) on behalf of the recognized clearing house (or its proxy) (without the need to produce a certificate of shareholding, notarized power of attorney and/or further evidence of formal authorization), as if they were the individual shareholders of the Company. Such authorized person shall be entitled with the same statutory rights as other shareholders, including the right to speak and vote.

It shall be stated clearly in the power of attorney if the shareholder proxy can vote at his/her discretion when the shareholder does not give any specific instructions.

Voting and Resolutions at General Meetings

The resolutions of general meetings shall be divided into ordinary resolutions and special resolutions. Ordinary resolutions of a general meeting shall be approved by more than one half of the voting rights held by the shareholders (including proxies thereof) present at the general meeting. Special resolutions of a general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders (including proxies thereof) present at the general meeting.

The following matters shall be approved by ordinary resolutions at the general meeting:

i. work reports of the Board and the supervisory committee;

ii. profit distribution plans and loss recovery plans drafted by the Board;

iii. appointment or dismissal of the members of the Board and the supervisory committee, and determination of the remuneration of the Board and the supervisory committee;

iv. the company's annual budget plan and final accounts plan;

v. annual reports of the Company;

vi. matters other than those approved by special resolution as stipulated by the laws, administrative regulations or the Articles of Association.

The following matters shall be approved by special resolutions at the general meeting:

i. the increase or decrease of the registered capital of the Company;

ii. division, spin-off, merger, termination, dissolution, liquidation and change in the form of the Company;

iii. amendments to the Articles of Association;

iv. purchase and disposal of substantial assets by the Company within one year, or a guaranteed amount exceeding 30% of the latest audited total assets of the Company;

v. using the shares for employee shareholding schemes or as share incentives;

vi. other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) or the Articles of Association, and confirmed by an ordinary resolution at a general meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

Where matters relating to connected transactions (as defined under the Hong Kong Listing Rules) are considered at the general meeting, the connected shareholders and their associates (as defined under the Hong Kong Listing Rules) shall not be involved in voting, and the voting shares they represent shall not be counted in the total number of valid voting rights. The voting particulars of the non-connected persons shall be fully disclosed in the announcement on the resolution of the general meeting.

In order to be valid, the resolution of the general meeting on matters relating to connected transactions shall be approved by more than one half of the voting rights held by the non-connected persons attending the general meeting. However, in the event of such connected transaction involving matters that are required to be approved by special resolution stipulated in the Articles of Association, in order to be valid, the resolution of the general meeting must be approved by more than two-thirds of the voting rights held by the non-connected persons attending the general meeting.

DIRECTORS AND THE BOARD

Directors

Directors of the Company shall be natural persons. The following person may not serve as a director of the Company:

i. a person without capacity or with limited capacity for civil conduct;

ii. a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, where less than five years have elapsed since the sentence was served, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served, or where less than 2 years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;

iii. a person who served as a director, or factory director or general manager, and who assumed personal liability for the bankruptcy liquidation of a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;

iv. a person who served as a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law, and who assumed personal liability for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;

v. a person who has a relatively large amount of debts which have fallen due but have not been settled and was listed as a dishonest person subject to enforcement by the People's Court;

vi. a person who is banned by the CSRC from entering into the securities market for a period which has not yet expired;

vii. other contents required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules).

Directors shall be elected or replaced at a general meeting and he/she may be dismissed at a general meeting before the expiry of his/her term of office. Directors serve a term of office of 3 years for each session. A director may be re-elected and reappointed upon the expiry of his/her term of office, unless otherwise stipulated by the relevant laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

The term of office of a director shall commence from the date on which the said director assumes office to the expiry of the current term of the Board. If the term of office of a director expires but re-election is not carried out in a timely manner, the said director shall continue to perform the duties as director pursuant to the laws, administrative regulations, departmental rules, and the Articles of Association until the elected director assumes his/her office. Any person appointed by the Board to fill a temporary vacancy on or as an addition to the Board shall hold office only until the first annual general meeting immediately following his/her appointment, and shall then be eligible for re-election Subject to the relevant laws and administrative regulations, the shareholders have the right to dismiss a director whose term of office has not expired by an ordinary resolution at a general meeting, but such dismissal shall not affect the director's claim for damages under any contract.

Duties of Directors

Directors shall comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and bear the following duties of loyalty to the Company:

i. not to exploit their positions to accept bribes or obtain other illegal income;

ii. not to misappropriate the funds of the Company;

iii. not to open any account in their own name or in any other name for the deposit of the assets or funds of the Company;

iv. shall not, in violation of the provisions of the articles of association, lend the company's funds to others or provide guarantees for others with the company's property without the consent of the shareholders' meeting or the board of directors;

v. shall not, in violation of the provisions of the articles of association or without the consent of the shareholders' meeting, enter into contracts or conduct transactions with the company;

vi. without the consent of the shareholders' meeting, they shall not, by taking advantage of their positions, seek business opportunities that should belong to the company for themselves or others, or operate by themselves or for others the businesses of the same kind as that of the company;

vii. not to take as their own any commission for any transaction with the Company;

viii. not to disclose any secret of the Company without authorization;

ix. not to use their connected relationships to harm the interests of the Company;

x. other duties of loyalty as stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The Board

The Company shall set up a board of directors, which shall be accountable to the general meeting. Directors of the Company are classified as executive directors, non-executive directors and independent non-executive directors, and the number of independent non-executive directors shall comprise at least one-third of the members of the Board and shall not be less than 3 members.

The Board exercises the following functions and powers:

i. to convene general meetings and report on work to the general meeting;

ii. to implement the resolutions of the general meeting;

iii. to determine the business plans and investment plans of the Company;

iv. to formulate annual financial budget plan and final accounts plan;

v. to formulate the profit distribution plans and loss recovery plans of the Company;

vi. to formulate plans for increasing or decreasing the registered capital of the Company, the issuance of bonds or other securities, as well as the listing plan of the Company;

vii. to formulate plans for major acquisitions, purchases of the company's own shares, merger, division, dissolution or change of form of the Company;

viii. within the scope of authorization by the shareholders' meeting, determine matters such as the company's outbound investments, purchases and sales of assets, asset mortgages, external guarantees, entrusted wealth management, affiliated transactions, and external donations;

ix. to decide on the setup of the internal management organization of the Company;

x. to appoint or dismiss the general manager of the Company, and determine their remunerations; based on the nomination of the general manager, to appoint or dismiss other senior management of the Company, and determine their remunerations;

xi. to set the basic management systems of the Company;

xii. to formulate the plan for amending the articles of association;

xiii. manage the company's information disclosure matters;

xiv. propose to the shareholders' meeting to hire or replace the accounting firm that audits the company;

xv. listen to the work report of the company's manager and inspect the manager's work;

xvi. other functions and powers authorized by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) or the Articles of Association.

The Board of the Company shall establish the special committees, namely, an audit committee, a nomination committee and a remuneration committee. The special committees shall be accountable to the Board and perform their duties in accordance with the Articles of Association and the authorization from the Board. Their proposals shall be submitted to the Board for consideration and decision making. The members of each special committee shall all be directors, with reference to the laws, administrative regulations, departmental rules, and the regulatory rules of the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) for specific composition and qualification requirements. The Board of Directors is responsible for formulating the working rules of the special committees and regulating the operation of the special committees.

The chairman of the Board exercises the following functions and powers:

i. to preside over general meetings, and to convene and preside over the Board meetings;

ii. to supervise and inspect the implementation of the resolutions of the Board;

iii. other functions and powers granted by the Board.

Board meetings shall be classified into regular meetings and extraordinary meetings. The Board shall convene regular meetings at least 2 times a year and convened by the chairman of the Board. The written notice of the regular meeting shall be delivered 14 days before the date of the meeting.

A Board meeting may be held only when a majority of the directors are present at the meeting. A resolution of the Board meeting must be approved with affirmative votes of a majority of all directors.

SENIOR MANAGEMENT

The Company shall have one general manager, several vice-managers, one chief financial officer and one secretary to the Board of whom shall be appointed or dismissed by the Board.

Each term of office of the general manager is 3 years and is renewable upon re-election of the Board.

The general manager is accountable to the Board and exercises the following functions and powers:

i. to be in charge of the production and operational management of the Company, organize the enforcement of resolutions of the Board and report to the Board on work;

ii. to organize the implementation of the annual operation plans and investment schemes of the Company;

iii. to formulate the structure scheme of the internal management department of the Company;

iv. to formulate the basic management system of the company;

v. to formulate the specific rules and regulations of the Company;

vi. to propose to the Board the appointment or dismissal of the chief financial officer of the Company and other senior management;

vii. to decide on the appointment or dismissal of responsible management personnel except those whose appointment or dismissal shall be determined by the Board;

viii. other functions and powers authorized by the Articles of Association or the Board.

SUPERVISORS AND SUPERVISORY COMMITTEE

The Company shall have a supervisory committee, which shall be composed of 3 supervisors, with 1 chairman.

The supervisory committee exercises the following functions and powers:

i. to review the company's periodic reports prepared by the board of directors and put forward written review opinions;

ii. to examine the financial operations of the Company;

iii. to supervise the performance of duties to the Company by the directors and senior management, and propose dismissal of any director or senior management who violates any laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

iv. to require directors and senior management to make corrections if their conduct has damaged the interests of the Company;

v. to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to perform such duties as specified in the Company Law;

vi. to submit proposals to the general meeting;

vii. to institute legal proceedings against the directors and senior management according to the Company Law;

viii. in the event that the supervisory committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, professionals, such as accounting firms and law firms, may be engaged to assist in its work; any expenses incurred thereby shall be borne by the Company.

The supervisory committee shall hold at least one meeting every six months.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements of the relevant authorities of China. If the securities regulatory authorities of the place where the Company's shares are listed have any other provisions, such provisions shall prevail.

The Company shall not establish any other accounting books except for the statutory ones. No assets of the Company shall be deposited in any account opened in the name of any individual.

Profit Distribution

In distributing the after-tax profit of the current year, the Company shall withdraw 10%of the profit as its statutory reserve funds. When the aggregate amount of the statutory reserve funds of the Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve funds of the Company are insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve funds in accordance with the preceding paragraph.

After withdrawing the statutory reserve funds from after-tax profit, the Company may, subject to a resolution of the general meeting, withdraw the discretionary reserve funds from after-tax profit.

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings.

The shares of the Company held by it are not entitled to any profit distribution.

Reserve funds of the Company shall be used for making up for the losses, business expansion for operation or registered capital replenishment of the Company. When using the reserve funds to make up for the losses of the Company, the discretionary reserve funds and the statutory reserve funds shall be used first; if the losses still cannot be made up, the capital reserve funds can be used in accordance with the requirements.

When the statutory reserve funds are converted into the capital, the remaining amount of such reserve funds shall not be less than 25% of the registered capital of the Company before the conversion.

Engagement of Accounting Firms

The Company shall engage an accounting firm which complies with the laws and regulations to conduct accounting statements audit, net assets verification and other relevant consultancy services, which is subject to renewal.

The appointment of any accounting firm of the Company shall be subject to the approval of the general meeting, prior to which the Board shall not appoint any accounting firm.

When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

MERGER, DIVISION, CAPITAL INCREASE AND CAPITAL REDUCTION

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. The Company shall notify the creditors within 10 days from the date of the resolution to merge and publish an announcement within 30 days in accordance with the requirements. The creditors may require the Company to settle the debts or provide appropriate guarantees within 30 days after the receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

In the event of a division, balance sheets and inventories of assets shall be prepared. The Company shall notify the creditors within 10 days from the date of the resolution to divide and publish an announcement within 30 days in accordance with the requirements.

The Company shall prepare balance sheets and inventories of assets when it needs to reduce its registered capital.

The Company shall notify the creditors within 10 days from the date of the resolution to reduce its registered capital and publish an announcement within 30 days in accordance with the requirements. The creditors may require the Company to settle the debts or provide appropriate guarantees within 30 days after the receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the Company's registration authority pursuant to the laws; where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws; where a new company is established, the Company shall apply for registration thereof in accordance with the laws.

Where the Company increases or reduces its registered capital, an application for modification of registration shall be made to the Company's registration authority pursuant to the laws.

Dissolution and Liquidation

In any of the following circumstances, the Company shall be dissolved:

i. the term of business operation set out in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

ii. a resolution for dissolution is passed at a general meeting;

iii. dissolution is necessary due to a merger or division of the Company;

iv. the business license is revoked, the Company is ordered to close or is eliminated according to the laws;

v. the Company has experienced material difficulties in operation and management and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

The Company shall, within ten days of the occurrence of the reasons for dissolution as stipulated in the preceding paragraph, disclose the reasons for dissolution on the National Enterprise Credit Information Publicity System.

In the circumstances set forth in (I) and (II) above, and where no property has been distributed to shareholders, the Company may carry on its existence by amending the Articles of Association or by resolution of the general meeting.

The amendments to the Articles of Association pursuant to the preceding paragraph or by resolution of the general meeting shall require approval of more than 2/3 of voting rights of shareholders attending a general meeting.

The liquidation committee exercises the following functions and powers during the liquidation period:

i. to sort out the assets of the Company and prepare balance sheets and inventories of assets respectively;

ii. to notify creditors by notice or public announcements;

iii. to deal with and settle any outstanding businesses of the Company;

iv. to pay outstanding taxes as well as taxes arising in the course of liquidation;

v. to settle claims and debts;

vi. to allocate the remaining assets of the Company after the repayment of debts;

vii. to represent the Company in any civil proceedings.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment and publish an announcement within 60 days in accordance with the requirements. The creditors shall declare their claims to the liquidation committee within 30 days after the receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After sorting out the assets of the Company and preparing balance sheets and inventories of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or to the People's Court for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the debts of the Company shall be distributed by the Company to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company shall continue to exist but shall not commence any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to the shareholders before repayment of its debts in full in accordance with the preceding paragraph.

If, after sorting out the assets of the Company and preparing balance sheets and inventories of assets, the liquidation committee discovers that the assets of the Company are insufficient to repay its debts in full, it shall apply to the People's Court for bankruptcy in accordance with the laws.

After the People's Court has accepted that the Company is declared bankrupt, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit to the general meeting or the People's Court for confirmation. The liquidation committee shall submit the foregoing documents to the Company's registration authority and apply for deregistration of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

i. after amendment has been made to the Company Law or relevant laws, administrative regulation, the contents of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed;

ii. the changes that the Company have undergone are inconsistent with the records made in the Articles of Association;

iii. the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association approved by the general meetings are subject to the examination and approval by the competent authorities, such amendments shall be submitted to the competent authorities for approval. Where the amendments involve registration of the Company, the Company shall register relevant changes according to the laws.

NOTICES

The notices of the Company may be served as follows:

i. by personal delivery;

ii. by fax, email or post;

iii. by telephone;

iv. by announcement (including on the designated website and the website of the Company in accordance with the securities regulatory rules of the place where the Company's shares are listed);

v. by other means as specified by the securities regulatory authorities of the place where the Company's shares are listed or the Articles of Association.

FURTHER INFORMATION ABOUT OUR COMPANY

Establishment of our Company

Our Company was established as a limited liability company in the PRC on March 27, 2012 and was converted into a joint stock limited company on November 15, 2022 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB67,207,270.

Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 14, 2025. Ms. Chan Hiu Lam (陳曉琳女士) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix VI — Summary of Articles of Association". A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix IV — Summary of Principal Legal and Regulatory Provisions".

Changes in Share Capital of our Company

Our Company was established with a registered capital of RMB40.0 million on March 27, 2012 under the laws of the PRC. Save as disclosed in "History, Development and Corporate Structure," there has been no change in the share capital of our Company within the two years immediately preceding the date of this prospectus.

Changes in Share Capital of our Subsidiary

Our subsidiary, Haixi Fuzhou, was established with a registered capital of RMB30.0 million on June 30, 2022 under the laws of the PRC. On November 15, 2023, the registered capital of Haixi Fuzhou was increased from RMB30.0 million to RMB160.0 million.

Save as set out above, there has been no change in the share capital of the subsidiary of the Company within the two years immediately preceding the date of this prospectus.

Resolutions of our Shareholders

Pursuant to a general meeting held on December 3, 2024, among other things, our Shareholders resolved that:

(a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the Global Offering;

(c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association for the purpose of the Company's Listing; and

(d) authorization of the Board to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or our subsidiary within the two years preceding the date of this prospectus that are or may be material:

1. the cornerstone investment agreement dated October 5, 2025 entered into among our Company, HARVEST INTERNATIONAL PREMIUM VALUE (SECONDARY MARKET) FUND SPC acting on behalf of and for the account of HARVEST ORIENTAL SP, Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), CMB International Capital Limited (招銀國際融資有限公司) and SDICS International Securities (Hong Kong) Limited (國證國際證券(香港)有限公司), pursuant to which HARVEST INTERNATIONAL PREMIUM VALUE (SECONDARY MARKET) FUND SPC acting on behalf of and for the account of HARVEST ORIENTAL SP agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$22,000,000 (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee); and

2. the Hong Kong Underwriting Agreement.

Intellectual Property Rights

As of the Latest Practicable Date, we had registered the following intellectual property rights which, in the opinion of our Directors, are material to our business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
1.		PRC	5	11044518	October 20, 2033
2.		PRC	5	11044563	October 20, 2033
3.		PRC	5	11152744	November 20, 2033
4.		PRC	5	11152868	November 20, 2033
5.		PRC	9	46418389	March 6, 2031
6.		PRC	36	46413330	January 6, 2031
7.		PRC	38	46388892	January 20, 2031
8.		PRC	44	46409181	January 6, 2031
9.	安必力	PRC	5	46389658	January 20, 2031
10.	安必力	PRC	42	46405313	January 6, 2031
11.	安必力	PRC	44	46387409	January 6, 2031
12.	海洛替尼	PRC	5	55348396	November 13, 2031
13.	海洛替尼	PRC	5	55360526	November 13, 2031
14.	颠葆	PRC	5	55358225	November 13, 2031
15.	西疏	PRC	5	55366482	November 13, 2031

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
16.	消伏安	PRC	5	55362250	November 13, 2031
17.	安优凡	PRC	5	55361859	November 13, 2031
18.	安妥飞	PRC	5	55354786	November 13, 2031
19.	倍西维	PRC	5	55353329	November 13, 2031
20.	海必平	PRC	5	55349219	November 13, 2031
21.	海慧通	PRC	5	55342798	November 13, 2031
22.	海可喜	PRC	5	55339842	November 20, 2031
23.	惠欣安	PRC	5	55340184	November 13, 2031
24.	朗恒康	PRC	5	55336067	January 6, 2032
25.	麦思通	PRC	5	55342452	January 13, 2032
26.	榕西康	PRC	5	55340054	November 13, 2031
27.	赛西福	PRC	5	55342866	November 13, 2031
28.	希世福	PRC	5	55356323	November 13, 2031
29.	欣立谐	PRC	5	55333135	November 13, 2031
30.	HHXP	PRC	5	57153326	January 13, 2032
31.	朗康恒	PRC	5	58104959	February 6, 2032
32.	HXP	PRC	42	46413399	January 6, 2031
33.	希贝平	PRC	5	62783871	August 13, 2032
34.	洛沁平	PRC	5	62783903	August 13, 2032
35.	希贝安	PRC	5	62789560	August 13, 2032
36.	海立平	PRC	5	62793020	August 13, 2032

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
37.	安飞平	PRC	5	62812310	August 13, 2032
38.	海平消	PRC	5	62813458	August 13, 2032
39.	舒慧平	PRC	5	62814155	August 13, 2032
40.	郁可安	PRC	5	62814287	August 13, 2032
41.	沁得安	PRC	5	62815177	August 13, 2032
42.	安乐申	PRC	5	62816315	August 13, 2032
43.	安百悠	PRC	5	62817352	August 13, 2032
44.	安立定	PRC	5	62819995	August 13, 2032
45.	锐安灵	PRC	5	62821892	August 13, 2032
46.	平立通	PRC	5	62822546	August 13, 2032
47.	平必畅	PRC	5	62826178	August 13, 2032
48.	安益聪	PRC	5	62827688	August 13, 2032
49.	平尔宁	PRC	5	62828802	August 13, 2032
50.	枢必安	PRC	5	62831612	August 13, 2032
51.	舒安亚	PRC	5	62837448	August 13, 2032
52.	芩得安	PRC	5	62839771	August 13, 2032
53.	盈安可	PRC	5	62840397	August 13, 2032
54.	安立喜	PRC	5	62840855	August 13, 2032
55.	安必力	PRC	5	62783843	August 27, 2032
56.	惠得安	PRC	5	64960664	November 13, 2032
57.	欣立定	PRC	5	65000440	November 20, 2032

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
58.	海惠宁	PRC	5	65001629	November 20, 2032
59.	莱必定	PRC	5	65007266	November 20, 2032
60.	欣亚安	PRC	5	65009703	November 20, 2032
61.	瑞百悠	PRC	5	65013746	November 20, 2032
62.	迈益平	PRC	5	55348236	November 13, 2031
63.	HXP	PRC	35	46414081	October 27, 2032
64.	欣立平	PRC	5	64953564	January 20, 2033
65.		PRC	35	71210646	October 13, 2033
66.		PRC	3	71210743	October 13, 2033
67.		PRC	5	71208232	October 13, 2033
68.		PRC	5	71201122	October 13, 2033
69.		PRC	3	71210976	October 13, 2033
70.		PRC	35	71188810	October 13, 2033
71.		PRC	5	71184903	October 13, 2033
72.		PRC	3	71199050	October 20, 2033

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
73.	瑞安妥	PRC	5	9051592	January 20, 2032
74.		PRC	35	75516968	May 6, 2034
75.		PRC	35	75503673	May 6, 2034
76.		PRC	3	75505649	May 13, 2034
77.		PRC	5	75522654	May 13, 2034
78.		PRC	3	75513038	May 13, 2034
79.		PRC	5	75504096	May 13, 2034
80.		PRC	3	75516493	May 20, 2034
81.		PRC	5	75513056	May 20, 2034
82.		PRC	35	75508212	July 13, 2034
83.	安碧悦	PRC	5	78651633	November 6, 2034
84.	海慧升	PRC	5	78657704	November 6, 2034
85.	安瑞珍	PRC	5	78657675	November 6, 2034
86.	安舒飞	PRC	5	78702159	November 6, 2034
87.	安子楚	PRC	5	78706621	November 6, 2034

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
88.	海童姥	PRC	5	78704678	November 6, 2034
89.	海汇彤	PRC	5	78698421	November 6, 2034
90.	安必翔	PRC	5	78704025	November 6, 2034
91.	海汇清	PRC	5	78702172	November 6, 2034
92.	海可安	PRC	5	78702196	November 6, 2034
93.	安翠花	PRC	5	78692005	November 6, 2034
94.	安特曼	PRC	5	78687454	November 6, 2034
95.	安妥芬	PRC	5	78686811	November 20, 2034
96.	安喜盈	PRC	5	78687967	November 6, 2034
97.	安紫悦	PRC	5	78686524	November 6, 2034
98.	海安畅	PRC	5	78686525	November 6, 2034
99.	赛西彤	PRC	5	78686048	November 6, 2034
100.	海汇明	PRC	5	78685656	November 6, 2034
101.	齐雪	PRC	5	78686809	December 6, 2034
102.	卫达畅	PRC	5	78681138	November 6, 2034
103.	赛西维	PRC	5	78679426	November 6, 2034
104.	安角兽	PRC	5	78680048	November 6, 2034
105.	安必远	PRC	5	78680047	November 6, 2034
106.	闽美	PRC	5	78684920	November 6, 2034
107.	海可升	PRC	5	78682600	November 6, 2034
108.	海闽安	PRC	5	78684188	November 6, 2034

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
109.	海可为	PRC	5	78652422	November 6, 2034
110.	海恒畅	PRC	5	78671992	November 6, 2034
111.	福乐芬	PRC	5	78673589	November 6, 2034
112.	安悟空	PRC	5	78661142	November 6, 2034
113.	安碧奇	PRC	5	78629100	November 20, 2034
114.	安必宏	PRC	5	78636062	November 20, 2034
115.	宁尔明	PRC	5	78639418	November 20, 2034
116.	安木兰	PRC	5	78639445	November 20, 2034
117.	雪满辰	PRC	5	78636033	November 20, 2034
118.	辛舒宁	PRC	5	78649911	November 27, 2034
119.	海必络	PRC	5	78646284	November 27, 2034
120.	海武夷	PRC	5	78690515	December 20, 2034
121.	福乐芬	PRC	5	78687841	February 6, 2035
122.	安嘉儿	PRC	5	78686358	February 6, 2035
123.	海明舒	PRC	5	78684933	January 20, 2035
124.	安木晴	PRC	5	78681015	January 13, 2035
125.	及舒宁	PRC	5	78624352	January 20, 2035
126.	海泰舒	PRC	5	78642464	February 6, 2035
127.		Hong Kong	5	306675742	September 19, 2034
128.	欣成悦	PRC	5	80980380	April 13, 2035
129.	安瑞盈	PRC	5	80974221	April 13, 2035

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
130.	海禾信	PRC	5	80972681	April 13, 2035
131.	海德敏	PRC	5	80970622	April 13, 2035
132.	海汇妥	PRC	5	80962970	April 13, 2035
133.		Hong Kong	5	306675733AB	September 19, 2034
134.		Hong Kong	5	306675733AA	September 19, 2034
135.		Hong Kong	5	306675724AA	September 19, 2034
136.		Hong Kong	5	306675724AB	September 19, 2034

Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright	Registered Owner	Registration Number	Registration Date
1.	LOGO of Haixi Pharmaceuticals (海西新藥LOGO)	Company	國作登字-2022-F-10119920	June 14, 2022
2.	The River of Life (生命的河流)	Company	國作登字-2022-F-10147874	July 21, 2022
3.	Soaring (飛翔)	Company	國作登字-2022-F-10147875	July 21, 2022
4.	Thousand paper cranes (千紙鶴)	Company	國作登字-2024-F-00003295	January 8, 2024
5.	Protective shield (守護盾)	Company	國作登字-2024-F-00003299	January 8, 2024

Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material to our business:

No.	Software Copyright	Registered Owner	Registration Number	Registration Date
1.	Pharmaceutical R&D automatic dissolution meter control system V1.0 (醫藥研發自動溶出儀控制系統V1.0)	Company	2021SR0180084	February 2, 2021
2.	Boiling drying granulator operation software V1.0 (沸騰乾燥製粒機操作軟體V1.0)	Company	2021SR0180259	February 2, 2021
3.	Visual multi-tube sampler monitoring system V1.0 (視覺化多管取樣器監控系統V1.0)	Company	2021SR0180260	February 2, 2021
4.	Intelligent wet mixing and granulating machine operating system V1.0 (智能化濕法混合製粒機作業系統V1.0)	Company	2021SR0180256	February 2, 2021
5.	Rotameter control system V1.0 (旋光儀控制系統V1.0)	Company	2021SR0227607	February 8, 2021
6.	Pharmaceutical coating machine liquid proportioning control system V1.0 (醫藥包衣機藥液配比控制系統V1.0)	Company	2021SR0227574	February 8, 2021
7.	Automatic tablet press control software V1.0 (全自動壓片機控制軟體V1.0)	Company	2021SR0226490	February 8, 2021
8.	Pharmaceutical temperature and humidity automatic monitoring system V1.0 (藥品溫濕度自動監測系統V1.0)	Company	2021SR0245168	February 10, 2021
9.	Potentiometric titrator control system V1.0 (電位滴定儀控制系統V1.0)	Company	2021SR0274921	February 23, 2021
10.	Dry granulator monitoring system V1.0 (乾法製粒機監控系統V1.0)	Company	2021SR0274924	February 23, 2021
11.	Moisture titrator control system V1.0 (水分滴定儀控制系統V1.0)	Company	2021SR0274947	February 23, 2021
12.	Programmable control system for coating machines V1.0 (包衣機可程式設計控制系統V1.0)	Company	2021SR0274931	February 23, 2021

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent	Application No.	Application Type	Patent Owner	Place of Registration	Application Date
1.	A compound for increasing kinase active and application (一組提高激酶活性的化合物及其應用)	ZL201180053876.7	Invention	Company and Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司) ("**Betta Pharmaceuticals**")	PRC	November 9, 2011
		10-1643721			Korean	September 17, 2015
		2638036			European	August 17, 2016
2.	A compound for increasing kinase active and application thereof (一組提高激酶活性的化合物及其應用)	ZL201410464622.X	Invention	Company and Betta Pharmaceuticals	PRC	November 9, 2011
		6038037			Japan	November 9, 2011
3.	A synthesis method of cinacalcet hydrochloride intermediates (一種鹽酸西那卡塞中間體的合成方法)	ZL201911282962.X	Invention	Company	PRC	December 13, 2019
4.	A synthesis method of mosapride citrate (一種枸櫞酸莫沙必利的合成方法)	ZL202010267041.2	Invention	Company	PRC	April 7, 2020
5.	A pharmaceutical composition comprising celecoxib and a method for its preparation (一種含有塞來昔布的藥物組合物及其製備方法)	ZL202010341598.6	Invention	Company	PRC	April 27, 2020
6.	Compound and use thereof in synthesis of brivaracetam intermediate and crude drug (化合物及其在合成布瓦西坦(Brivaracetam)中間體及原料藥中的用途)	ZL201980004099.3	Invention	Company	PRC	June 20, 2019
		2019291703			Australia	June 20, 2019
		11247977B2			United States	June 20, 2019
		7117796			Japan	June 20, 2019
		406652			India	June 20, 2019
		202117000063			India	June 20, 2019
		3103332C			Canada	December 26, 2019

No.	Patent	Application No.	Application Type	Patent Owner	Place of Registration	Application Date
7.	A pharmaceutical composition containing atorvastatin calcium and a method for its preparation (一種含有阿托伐他汀鈣的藥物組合物及其製備方法)	ZL202010440333.1	Invention	Company	PRC	May 22, 2020
8.	A synthesis method of hydroxychloroquine sulfate (一種硫酸羥氯喹的合成方法)	ZL202110084900.9	Invention	Company	PRC	January 22, 2021
9.	A method for the preparation of ursodeoxycholic acid using a electrochemical microchannel reaction device (一種電化學微通道反應裝置製備熊去氧膽酸的方法)	ZL202110273869.3	Invention	Company	PRC	March 15, 2021
10.	A method for the preparation of amlodipine benzenesulfonate intermediates using a microreaction device (一種利用微反應裝置製備苯磺酸氨氯地平中間體的方法)	ZL202110273810.4	Invention	Company	PRC	March 15, 2021
11.	A synthesis of citalopram intermediates (一種西酞普蘭中間體的合成方法)	ZL202010263399.8	Invention	Company	PRC	April 7, 2020
12.	A method for preparing a pharmaceutical intermediate of cinacalcet hydrochloride (一種用於製備鹽酸西那卡塞藥物中間體的方法)	ZL202011399920.7	Invention	Company	PRC	December 13, 2019
13.	A preparation method of hydroxychloroquine sulfate tablets (一種硫酸羥氯喹片的製備方法)	ZL202110399893.1	Invention	Company	PRC	April 14, 2021
14.	A synthesis method of rosuvastatin acetate (一種羅沙替丁醋酸酯的合成方法)	ZL202110404728.0	Invention	Company	PRC	April 15, 2021

No.	Patent	Application No.	Application Type	Patent Owner	Place of Registration	Application Date
15.	Heteroaryl compounds as protein kinase inhibitors (作為蛋白激酶抑制劑的雜芳基化合物)	ZL201980005170.X	Invention	Company	PRC	March 13, 2019
16.	A method for synthesizing celecoxib (一種塞來昔布的合成方法)	ZL202010284455.6	Invention	Company	PRC	April 13, 2020
17.	A synthesis method of rebamipide APIs (一種瑞巴派特原料藥的合成方法)	ZL202210701326.1	Invention	Company	PRC	June 21, 2022
18.	A method for producing atorvastatin calcium using a microreaction device (一種利用微反應裝置生產阿托伐他汀鈣的方法)	ZL202010355535.6	Invention	Company	PRC	April 29, 2020
19.	Compound and use thereof in synthesis of brivaracetam crude drug (化合物及其在合成布瓦西坦(Brivaracetam)原料藥中的用途)	ZL202080002479.6	Invention	Company	PRC	January 8, 2020
20.	Heteroaryl compounds as kinase inhibitor	2019233207 549595 3749646 3093138A1 10-2556742 11767296B2	Invention	Company	Australia Japan European Canada Korean United States	March 13, 2019 March 13, 2019 March 13, 2019 March 13, 2019 September 9, 2020 March 13, 2019

Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material to our business:

No.	Domain Name	Owner	Expiry Date
1.	hxpharma.com	Company	June 11, 2029
2.	hxpharma.com.cn	Company	June 11, 2029

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests of Directors and Supervisors of the Company

Immediately following completion of the Global Offering and conversion of Unlisted Shares into H Shares, the interest and short position of each of our Directors and Supervisors in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Hong Kong 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, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**") to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) will be as follows:

Name	Position	Nature of Interest	Number and Class of Shares[1]	Approximate Percentage of Shareholding in the relevant Class of Shares shortly after the Global Offering	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the Global Offering[2]
Dr. Kang Xinshan[3]	Executive Director, chairman of the Board and general manager	Beneficial owner	12,752,264 H Shares	16.20%	16.20%
		Interest of spouse	9,918,426 H Shares	12.60%	12.60%
		Interested in controlled corporations[4]	5,000,000 H Shares	6.35%	6.35%
Ms. Feng Yan[3]	Executive Director and deputy general manager	Beneficial owner	9,918,426 H Shares	12.60%	12.60%
		Interest of spouse	17,752,264 H Shares	22.55%	22.55%

Notes:

(1) All interests are long positions.

(2) These percentages are calculated on the number of Shares in issue immediately following completion of the Global Offering and Conversion of Unlisted Shares into H Shares.

(3) Ms. Feng Yan is the spouse of Dr. Kang Xinshan. Accordingly, they are deemed to interest in the same number of Shares of each other for the purpose of the SFO.

(4) As of the Latest Practicable Date, Tairuihe Investment directly held a total of 5,000,000 Shares in our Company and is one of our Employee Shareholding Platforms. Dr. Kang Xinshan was the sole general partner of Tairuihe Investment and none of the limited partners of Tairuihe Investment contributed more than one third of the partnership interest in Tairuihe Investment. Accordingly, Dr. Kang Xinshan is deemed to be interest in such Shares held by Tairuihe Investment.

2. Disclosure of Interests of Substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

As of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of the issued voting shares of the following member of our Group (other than our Company).

3. Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Each of our Supervisors has entered into a contract with our Company. Each contract contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" in this prospectus, Note 11 to the Accountants' Report in Appendix I in this prospectus, none of our Directors or Supervisors received other remuneration or benefits in kind from our Company in respect of the years ended December 31, 2022, 2023 and 2024.

5. Agency fees or commissions received

None of the Directors, Supervisors or any of the persons whose names are listed in the paragraph headed "Qualification of Experts" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms from us in connection with the issuance or sale of any capital of our Company within the two years preceding the date of this prospectus.

6. Disclaimers

As of the Latest Practicable Date:

(a) save as disclosed in the sections headed "Substantial Shareholders" and "Further Information about our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests of Directors and Supervisors of the Company", none of our Directors, Supervisors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code once the Shares are listed;

(b) none of our Directors, Supervisors or experts referred to in "Qualification of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus 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;

(c) none of our Directors, Supervisors or experts referred to in "Qualification of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors, Supervisors or experts referred to in "Qualification of Experts" in this Appendix has 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));

(e) save as disclosed in the sections headed "Substantial Shareholders" and "Further Information about our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests of Directors and Supervisors of the Company", without taking into account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(f) none of the experts referred to in "Qualification of Experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined in the Listing Rules) or the existing Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers in each year or the five largest suppliers in each year of our Group.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiary under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, we were not involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against us, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The aggregate amounts of sponsor fee payable by our Company to the Joint Sponsors are US$700,000.

4. Preliminary Expenses

As of the Latest Practicable Date, we did not incur any material preliminary expenses.

5. Qualification of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities
CMB International Capital Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Beijing DeHeng Law Offices	PRC Legal Advisor
Jingtian & Gongcheng	PRC Legal Advisor
Deloitte Touche Tohmatsu	Certified public accountants, and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
China Insights Industry Consultancy Limited	Independent industry consultant
AVISTA Valuation Advisory Limited	Property Valuer

6. Consents of Experts

Each of the experts referred to in "*Qualification of Experts*" in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its names included herein in the form and context in which it is respectively included.

None of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

7. Taxation of Holders of H Shares

Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.10% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see "Appendix V — Taxation and Foreign Exchange" in this prospectus.

Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them

8. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial position or prospects since December 31, 2024 (being the date on which the latest unaudited consolidated financial statements of our Company were made up).

9. Promoters

The promoters of our Company are Kang Xinshan (康心汕), Xiamen Zhanhongda Investment Partnership (Limited Partnership)* (廈門展鴻達投資合夥企業(有限合夥)), Fujian Huaxing Venture Investment Co., Ltd.* (福建華興創業投資有限公司), Xiamen Tairuihe Investment Partnership (Limited Partnership)* (廈門泰瑞和投資合夥企業(有限合夥)), Fuzhou Venture Capital Co., Ltd.* (福州市創業投資有限責任公司), Xiamen Jindonghong Venture Capital Partnership (Limited Partnership)* (廈門金東泓創業投資合夥企業(有限合夥)), Xiamen Jindongshi Venture Capital Partnership Enterprise (Limited Partnership)* (廈門金東石創業投資合夥企業(有限合夥)), Xiamen Huaxinyue Investment Partnership Enterprise (Limited Partnership)* (廈門華鑫悦投資合夥企業(有限合夥)) (previously known as Xiamen Huaantai Investment Partnership Enterprise (Limited Partnership)* (廈門華安泰投資合夥企業(有限合夥)), Xinyu Hongrang Investment Management Partnership Enterprise (Limited Partnership)* (新余鴻壤投資管理合夥企業(有限合夥)), Ningbo Free Trade Zone Xinrui Investment Partnership Enterprise (Limited Partnership)* (寧波保税區歆睿投資合夥企業(有限合夥)), Fujian Pharmaceutical (Group) Co., Ltd.* (福建省醫藥集團有限責任公司), Xinyu Hongpan Equity Investment Partnership Enterprise (Limited Partnership)* (新余鴻磐股權投資合夥企業(有限合夥)), Zibo Huifu Chuangjing Equity Investment Partnership Enterprise (Limited Partnership)* (淄博匯富創景股權投資合夥企業(有限合夥)) and Xiamen Tairuihong Investment Partnership (Limited Partnership)* (廈門泰瑞泓投資合夥企業(有限合夥)).

Save for the Global Offering and as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related party transaction described in this prospectus.

10. Restrictions on Share Repurchases

For details, see "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of the Articles of Association" in this prospectus.

11. Binding Effect

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Compliance Advisor

We have appointed Orient Capital (Hong Kong) Limited as our Compliance Advisor upon the Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

14. Miscellaneous

(a) within the two years preceding the date of this prospectus, no share or loan capital or debenture of our Company or our subsidiary has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise;

(b) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or our subsidiary;

(c) no share or loan capital of our Company or our subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(d) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(f) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(g) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(h) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(i) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(j) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(k) our Company has no outstanding convertible debt securities or debentures;

(l) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(m) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Appendix VII — Statutory and General Information — Further Information about our Business — Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix VII — Statutory and General Information — Other Information — Consents of Experts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hxpharma.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the three years ended December 31, 2022, 2023 and 2024, and the five months ended May 31, 2025;

(c) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I of this prospectus;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II;

(e) the material contracts referred to in "Appendix VII — Statutory and General Information — Further Information about our Business — Summary of Material Contracts";

(f) the written consents referred to in "Appendix VII — Statutory and General Information — Other Information — Consents of Experts";

(g) the service contracts and letters of appointment referred to in "Appendix VII — Statutory and General Information — Further Information about our Directors, Supervisors and Substantial Shareholders — Service Contracts";

(h) the legal opinions issued by Beijing DeHeng Law Offices and Jingtian & Gongcheng, our PRC Legal Advisors, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by AVISTA Valuation Advisory Limited, the text of which are set out in Appendix III to this prospectus;

(j) the industry report issued by CIC referred to in "Industry Overview"; and

(k) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.

Fujian Haixi Pharmaceuticals Co., Ltd.
福建海西新藥創制股份有限公司